



General Government

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General Government

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	500,525,900	817,226,100	920,193,200	539,831,000	553,592,600
Current Year Appropriation	3,101,000				
Continuing Appropriation	1,322,600				
Salary Compensation Fund	5,399,300	72,400	96,800		
Base Deduction	-3,442,900				
Mandated Allotments	12,425,000				
Other	22,497,400				
Total General Fund	541,828,300	817,298,500	920,290,000	539,831,000	553,592,600
Tobacco Settlement-Phase I					
Tobacco Settlement - I	24,541,300	27,260,100	27,260,100	21,469,800	23,065,100
Continuing Appropriation	17,557,700	12,305,200	9,508,700	12,305,200	9,508,700
Total Tobacco Settlement-Phase I	42,099,000	39,565,300	36,768,800	33,775,000	32,573,800
Restricted Funds					
Balance Forward	48,611,626	34,504,885	25,225,885	32,480,100	20,743,600
Current Receipts	80,045,763	89,648,300	94,314,600	84,531,300	85,702,100
Non-Revenue Receipts	35,042,711	35,968,900	38,133,000	34,626,400	37,264,600
Fund Transfers	-7,216,700		50,000	-1,300,000	-1,150,000
Total Restricted Funds	156,483,400	160,122,085	157,723,485	150,337,800	142,560,300
Federal Funds					
Balance Forward	40,050,569	15,716,900	5,691,500	15,805,600	5,762,200
Current Receipts	245,070,000	219,099,400	219,787,700	218,301,700	218,725,200
Non-Revenue Receipts	-3,564,591	-2,347,600	-2,311,500	-2,820,300	-2,813,500
Total Federal Funds	281,555,978	232,468,700	223,167,700	231,287,000	221,673,900
Road Fund					
Regular Appropriation	600,000	600,000	600,000	600,000	600,000
Total Road Fund	600,000	600,000	600,000	600,000	600,000
TOTAL SOURCE OF FUNDS	1,022,566,678	1,250,054,585	1,338,549,985	955,830,800	951,000,600
EXPENDITURES BY CLASS					
Personnel Cost	243,031,400	302,791,955	324,761,937	238,510,200	243,471,100
Operating Expenses	67,151,700	76,722,945	76,684,763	59,687,000	59,639,700
Grants, Loans or Benefits	534,160,800	701,147,500	768,264,800	504,824,100	513,830,700
Debt Service	92,212,700	118,160,600	132,978,100	108,267,900	114,865,600
Capital Outlay	1,092,000	2,536,900	1,894,700	907,100	842,100
Construction	4,429,700	8,020,000	3,900,000	7,620,000	3,500,000
TOTAL EXPENDITURES	942,078,300	1,209,379,900	1,308,484,300	919,816,300	936,149,200
EXPENDITURES BY FUND SOURCE					
General Fund	521,930,800	817,308,000	920,305,500	539,831,000	553,592,600
Tobacco Settlement-Phase I	29,793,800	30,056,600	31,027,900	24,266,300	32,573,800
Restricted Funds	124,003,300	134,902,100	133,700,000	129,594,200	127,786,900
Federal Funds	265,750,400	226,777,200	223,104,700	225,524,800	221,595,900
Road Fund	600,000	600,000	600,000	600,000	600,000
TOTAL EXPENDITURES	942,078,300	1,209,643,900	1,308,738,100	919,816,300	936,149,200

**General Government
Office of the Governor**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,355,100	10,914,100	11,269,800	9,502,700	9,502,700
Salary Compensation Fund	197,600				
Base Deduction	-60,000				
Total General Fund	9,492,700	10,914,100	11,269,800	9,502,700	9,502,700
Restricted Funds					
Balance Forward	723,900	54,100	46,000	48,500	46,000
Current Receipts	36,600				
Non-Revenue Receipts	388,200	388,200	388,200	385,700	382,800
Fund Transfers	-5,600				
Total Restricted Funds	1,143,100	442,300	434,200	434,200	428,800
TOTAL SOURCE OF FUNDS	10,635,800	11,356,400	11,704,000	9,936,900	9,931,500
EXPENDITURES BY CLASS					
Personnel Cost	7,138,200	7,847,700	8,200,700	6,678,200	6,680,200
Operating Expenses	1,550,000	1,563,600	1,563,600	1,513,600	1,511,600
Grants, Loans or Benefits	1,699,100	1,699,100	1,699,100	1,699,100	1,699,100
Capital Outlay	200,000	200,000	200,000		
TOTAL EXPENDITURES	10,587,300	11,310,400	11,663,400	9,890,900	9,890,900
EXPENDITURES BY FUND SOURCE					
General Fund	9,492,700	10,914,100	11,269,800	9,502,700	9,502,700
Restricted Funds	1,094,600	396,300	393,600	388,200	388,200
TOTAL EXPENDITURES	10,587,300	11,310,400	11,663,400	9,890,900	9,890,900
EXPENDITURES BY UNIT					
Governor	6,488,000	6,613,100	6,876,900	5,818,000	5,818,000
Governor's Office Expense Allowance	21,000	21,000	21,000	21,000	21,000
Lieutenant Governor	435,400	504,800	513,900	445,400	445,400
Lt. Governor's Expense Allowance	12,000	12,000	12,000	12,000	12,000
Secretary of the Cabinet	445,000	787,900	817,500	445,000	445,000
Kentucky Commission on Military Affairs	348,900	376,700	390,300	348,900	348,900
Office of Minority Empowerment	314,000	343,000	354,800	314,000	314,000
Washington DC Office	388,200	390,700	393,600	388,200	388,200
Faith Based Initiatives	150,000	278,000	285,500	150,000	150,000
Governor's Scholars	1,984,800	1,983,200	1,997,900	1,948,400	1,948,400
TOTAL EXPENDITURES	10,587,300	11,310,400	11,663,400	9,890,900	9,890,900

The Governor serves as the chief administrator of the Commonwealth and, in addition to other powers and duties, acts as Commander-in-Chief of all state military forces, makes appointments for vacancies to executive offices and memberships on boards and commissions authorized by statute, and has the power to grant pardons and commutations. As chief administrator of Kentucky, the Governor ensures that state government provides needed services to the citizens of the Commonwealth at minimum cost to the taxpayer.

The Lieutenant Governor is a constitutional officer elected jointly with the Governor. The Lieutenant Governor is to assume the duties and responsibilities of the Office of the Governor should the Governor be impeached or removed from Office, die,

fail to qualify, resign, or be unable to discharge the duties of that office. Additional duties of the Lieutenant Governor include serving on various boards and commissions, serving on Kentucky delegations to several interstate compact commissions, and appointing members to various boards.

The Secretary of the Executive Cabinet develops and implements the major program decisions for the Executive Branch of government. As part of these duties, the Secretary of the Cabinet oversees the administration of the various cabinets and agencies of state government and coordinates legislative policy for the Governor. This role promotes cooperation and coordination among all agencies and programs of state government.

The Military Affairs Commission (KRS 154.12-203) has been a part of the Office of the Governor since 1996. The commission serves in an advisory capacity to the Governor, the General Assembly, the Kentucky Congressional Delegation, and other appropriate government officials. This commission is designed to continue state support of the U.S. military's widespread presence in Kentucky and to recognize its contribution to the economy and well-being of the Commonwealth. Among the installations and operations eligible for support are: Fort Knox, Fort Campbell, Bluegrass Station in Lexington, National Guard and Reserve operations throughout the state, and Bluegrass Army Depot in Richmond.

The Office of Minority Empowerment was established within the Office of the Governor pursuant to Executive Order 2004-481. The 2005 Regular Session of the General Assembly permanently established the Office in KRS 12.023. The primary purpose of the Office is to help minorities realize full access to their government and the many programs offered so as to be more responsive to the needs of Kentucky's minority community. More specifically, the Office is charged with the responsibility of researching and participating in the development of policies affecting Kentucky's minority community in the areas of economic empowerment, health care, housing, education, government services, and the criminal justice system. The Office also will search for ways to maximize economic opportunities for minorities by reviewing the awarding of state contracts to minority businesses and reviewing job training and technical education initiatives so as to ensure and enhance the effectiveness of such programs. The persons served by this Office include, but are not limited to, minority individuals as defined and referenced in KRS 12.070, such as Native Americans, Alaskan Natives, African Americans, Hispanics, the disabled community, small-, minority-, and woman-owned businesses, and other underrepresented ethnic groups.

The Governor recommended and the 2005 General Assembly agreed that Kentucky reconstitute its Washington DC office to increase the state's presence in Washington and promote consistent communication with federal funding agencies and the Kentucky congressional delegation. The Kentucky Washington D.C. office is one of thirty-nine offices representing states or territories. The Washington D.C. office staff maintains an effective line of communication with the Governor's office and Kentucky agencies through daily updates of Congressional and federal activity, briefings on specific subject matter proposed in Congress or by the Administration, and continual updates of federal and non-federal grant opportunities. The Washington D.C. office staff also serves as Kentucky's liaison to the National Governors' Association (NGA), the Southern Governors' Association (SGA), and the Midwestern Governors' Association (MGA) and works with other states and Kentucky agencies to ensure that the Commonwealth's priorities are considered in the organizations' resolutions and legislative policies.

The 2005 Regular Session of the General Assembly created the Office for Faith-Based and Community Nonprofit Social Services in House Bill 383, placing it in the Governor's Office in the state's organizational structure. The program is established in statute by KRS 12.510. The Office will have lead responsibility in the Executive Branch to establish policies, priorities, and objectives for State Government's comprehensive effort to enlist, equip, enable, empower, and expand the work of faith-based and other community organizations to the extent permitted by law. The office is patterned closely with a similar effort at the federal government level begun in 2001. Since the establishment of the federal effort, many states have created similar offices or have created liaisons to perform similar functions.

The Governor's Scholars Program, formerly in the Education, Arts and Humanities Cabinet, was administratively attached to the Office of the Governor by the 2005 Session of the General Assembly through the passage of Senate Bill 134. The program is established in statute by KRS 158.796. The Governor's Scholars Program was created to motivate and empower our brightest young people—Kentucky's future leaders—to become effective citizens with a zeal for excellence and a mind for innovation. The Governor's Scholars Program (GSP) is a five-week, residential program for approximately 1,000 outstanding Kentucky students completing their junior year in high school. The program is held annually, free of charge for participants, on three Kentucky college campuses. Scholars from across the Commonwealth are competitively chosen from all accredited public and private schools.

Policy

Included in the Governor's recommended budget is a General Fund appropriation in the amount of \$30,000 in fiscal year 2006-2007 and \$30,000 in fiscal year 2007-2008 for the Lieutenant Governor's Office for an allowance of up to \$2,500 monthly, to include \$1,000 as a housing allowance and \$1,500 if additional duties are performed. The allowance was effective April 1, 2005.

General Government
Office of State Budget Director

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	4,323,800	5,054,500	5,279,000	4,433,400	4,433,400
Salary Compensation Fund	109,600				
Total General Fund	4,433,400	5,054,500	5,279,000	4,433,400	4,433,400
Restricted Funds					
Balance Forward	726,100	292,800	292,800	217,400	136,800
Current Receipts	3,700				
Fund Transfers	-75,400				
Total Restricted Funds	654,400	292,800	292,800	217,400	136,800
TOTAL SOURCE OF FUNDS	5,087,800	5,347,300	5,571,800	4,650,800	4,570,200
EXPENDITURES BY CLASS					
Personnel Cost	3,830,800	4,283,400	4,528,400	3,742,000	3,818,700
Operating Expenses	1,039,600	771,100	750,600	772,000	751,500
TOTAL EXPENDITURES	4,870,400	5,054,500	5,279,000	4,514,000	4,570,200
EXPENDITURES BY FUND SOURCE					
General Fund	4,433,400	5,054,500	5,279,000	4,433,400	4,433,400
Restricted Funds	437,000			80,600	136,800
TOTAL EXPENDITURES	4,870,400	5,054,500	5,279,000	4,514,000	4,570,200
EXPENDITURES BY UNIT					
Budget & Policy Analysis	3,739,400	3,803,400	3,975,000	3,367,600	3,413,200
Gov Office for Policy Research	471,000	528,700	553,000	477,700	482,200
Gov Office for Economic Analysis	660,000	722,400	751,000	668,700	674,800
TOTAL EXPENDITURES	4,870,400	5,054,500	5,279,000	4,514,000	4,570,200

The Office of the State Budget Director, created in KRS 11.068, includes the Governor's Office for Policy and Management (GOPM), the Governor's Office for Policy Research (GOPR), and the Governor's Office for Economic Analysis (GOEA). Under the direction of the State Budget Director, these Offices serve as staff to the Governor, the Governor's Chief of Staff, the Secretary of the Cabinet, and the Secretary of the Finance and Administration Cabinet.

The Governor's Office for Policy and Management (GOPM) prepares the Executive Budget, the Governor's overall financial plan for state government. The preparation of the budget includes the transmittal of information and necessary forms to state agencies, assisting those agencies in the preparation of their budget requests, analyzing the requests, and making recommendations to the Governor. Following enactment of the budget by the General Assembly, GOPM helps agencies implement the appropriations acts through their expenditures for program activities.

The Governor's Office for Policy Research (GOPR) performs research and analysis on public policy issues important to the Commonwealth.

The Governor's Office for Economic Analysis (GOEA) assists the State Budget Director and the Consensus Forecasting Group in providing timely, accurate estimates of General Fund and Road Fund receipts used to build and implement the budget. On October 15 of each odd-numbered year, a preliminary detailed estimate of revenues for the next two fiscal years is presented to the head of the budgeting agency for each branch of state government. In January following, a revised estimate is prepared and presented along with the Executive Budget recommendation to the General Assembly.

**General Government
State Planning Fund**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	125,000	500,000	500,000	500,000	500,000
Total General Fund	125,000	500,000	500,000	500,000	500,000
TOTAL SOURCE OF FUNDS	125,000	500,000	500,000	500,000	500,000
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	125,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	125,000	500,000	500,000	500,000	500,000
EXPENDITURES BY FUND SOURCE					
General Fund	125,000	500,000	500,000	500,000	500,000
TOTAL EXPENDITURES	125,000	500,000	500,000	500,000	500,000

The State Planning Fund supports statewide planning projects designed to improve the delivery of government services. Under Chapter 147 of the Kentucky Revised Statutes, overall planning and development functions are responsibilities of the Governor's Cabinet. KRS 147.075 delegates these functions to a Cabinet committee, designated as the State Planning Committee, which fulfills these responsibilities through its management of the State Planning Fund. The State Planning Committee includes the Governor, representatives from the various program cabinets, and the State Budget Director. The Governor serves as the Chairman of the Committee and the State Budget Director serves as its Secretary. The Governor's Office for Policy and Management reviews proposed planning projects, makes recommendations for funding to the Governor and the other members of the State Planning Committee, and provides staff support to the Committee.

Policy

The Governor's recommended budget moves the grant (\$25,000) for the Bluegrass State Games previously budgeted from the State Planning Fund to the Commerce Cabinet's Office of Sports Authority.

The Governor's recommended budget includes an allocation from the State Planning Fund to conduct a comprehensive review of the Kentucky Employees Retirement System and the Kentucky Teachers' Retirement System. This study may include, but is not limited to, the long-term financial stability of the system, employer and employee contribution rates, investment performance, and allowable investment alternatives, statutory and contractual pension and medical benefit structures, and policies of the systems.

**General Government
Homeland Security**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	350,000	833,100	880,900	350,000	350,000
Total General Fund	350,000	833,100	880,900	350,000	350,000
Restricted Funds					
Balance Forward	451,400	451,385	451,385	100,000	100,000
Current Receipts	440,000	628,600	653,300	440,000	440,000
Fund Transfers	-351,400				
Total Restricted Funds	540,000	1,079,985	1,104,685	540,000	540,000
Federal Funds					
Current Receipts	40,000,000	40,414,500	40,481,100	40,000,000	40,000,000
Total Federal Funds	40,000,000	40,414,500	40,481,100	40,000,000	40,000,000
Road Fund					
Regular Appropriation	350,000	350,000	350,000	350,000	350,000
Total Road Fund	350,000	350,000	350,000	350,000	350,000
TOTAL SOURCE OF FUNDS	41,240,000	42,677,585	42,816,685	41,240,000	41,240,000
EXPENDITURES BY CLASS					
Personnel Cost	1,954,100	2,585,500	2,718,300	1,969,900	1,990,700
Operating Expenses	631,300	868,000	894,300	656,300	656,300
Grants, Loans or Benefits	38,554,600	38,772,700	38,752,700	38,513,800	38,493,000
TOTAL EXPENDITURES	41,140,000	42,226,200	42,365,300	41,140,000	41,140,000
EXPENDITURES BY FUND SOURCE					
General Fund	350,000	833,100	880,900	350,000	350,000
Restricted Funds	440,000	628,600	653,300	440,000	440,000
Federal Funds	40,000,000	40,414,500	40,481,100	40,000,000	40,000,000
Road Fund	350,000	350,000	350,000	350,000	350,000
TOTAL EXPENDITURES	41,140,000	42,226,200	42,365,300	41,140,000	41,140,000

Executive Order 2004-530 created the Office of Homeland Security within the Office of the Governor to coordinate efforts with public and private partners on issues affecting Homeland Security. Senate Bill 44 was introduced to ratify this Executive Order but it failed to pass the 2005 General Assembly. Another Executive Order was issued (2005-563) which also added the Commercial Mobile Radio Service Emergency Telecommunications Board (CMRS) to this Office from the Commonwealth Office of Technology.

The Kentucky Office of Homeland Security (KOHS) focuses on preparing Kentucky for manmade or natural disasters. Although its primary role is to serve as the state's administrative liaison with the U.S. Department of Homeland Security, KOHS has initiated a comprehensive prevention-focused homeland security strategy to ensure Kentucky's communities, first responders and families have the resources and information necessary to be prepared for disaster or attack.

The CMRS Board collects user fees monthly from subscribers of the approximately 30 wireless carriers providing wireless telephone service in Kentucky. These fees are used to fund technology upgrades at Kentucky's enhanced 911 centers and to enhance the networks operated by the carriers.

**General Government
Veterans' Affairs**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	15,458,800	25,121,200	28,032,400	14,977,200	15,972,900
Salary Compensation Fund	1,128,600				
Base Deduction	-7,600				
Total General Fund	16,579,800	25,121,200	28,032,400	14,977,200	15,972,900
Restricted Funds					
Balance Forward	2,455,600	1,770,800	1,433,300	1,554,700	479,600
Current Receipts	23,017,000	23,827,400	27,452,100	23,638,600	24,426,100
Fund Transfers	-1,756,100				
Total Restricted Funds	23,716,500	25,598,200	28,885,400	25,193,300	24,905,700
TOTAL SOURCE OF FUNDS	40,296,300	50,719,400	56,917,800	40,170,500	40,878,600
EXPENDITURES BY CLASS					
Personnel Cost	32,082,800	41,677,800	44,990,500	33,540,400	34,620,500
Operating Expenses	5,981,600	6,830,300	7,120,100	6,020,500	6,128,100
Grants, Loans or Benefits	117,500	217,500	217,500	100,000	100,000
Capital Outlay	30,000	570,000	262,500	30,000	30,000
Construction	529,700				
TOTAL EXPENDITURES	38,741,600	49,295,600	52,590,600	39,690,900	40,878,600
EXPENDITURES BY FUND SOURCE					
General Fund	16,579,800	25,130,700	28,047,900	14,977,200	15,972,900
Restricted Funds	22,161,800	24,164,900	24,542,700	24,713,700	24,905,700
TOTAL EXPENDITURES	38,741,600	49,295,600	52,590,600	39,690,900	40,878,600
EXPENDITURES BY UNIT					
Commissioner's Office, Field Serv's & Cemeteries	2,545,000	4,872,600	5,758,600	2,812,800	3,153,800
Kentucky Veterans' Centers	36,196,600	44,423,000	46,832,000	36,878,100	37,724,800
TOTAL EXPENDITURES	38,741,600	49,295,600	52,590,600	39,690,900	40,878,600

The Kentucky Department of Veterans' Affairs (KDVA), established by KRS 40.300, assists over 370,000 Kentucky veterans and their families in applying for federal, state, and local veteran's benefits. Services include: benefits counseling and claims processing regarding the existence or availability of educational, training, and retraining facilities; health, medical rehabilitation, and housing services and facilities; employment and reemployment services; and provisions of federal, state, and local laws affording rights, privileges, and benefits to eligible veterans and their dependents. These services are supported by a cooperative network of Veterans' Benefits Field Representatives, volunteers, and personal service contracts with major veterans' organizations.

Pursuant to KRS 40.325, the Office of Kentucky Veterans' Centers within the KDVA manages Kentucky's three state veterans' nursing homes, which serve the long-term nursing care needs of Kentucky's elderly veteran population, who are about 110,000 of Kentucky's veterans.

The Thomson-Hood Veterans' Center, located in Wilmore in Jessamine County, is a 300-bed long-term nursing care facility specifically for Kentucky's elderly veteran population. The Eastern and Western Kentucky Veterans Centers, located in Hazard (Perry County), and Hanson (Hopkins County), opened in 2002. Each is a 120-bed facility that includes in-house

physician care, nurse practitioners, 24-hour nursing staff, and staffing for a rehab therapy department, barbershop, library, gift shop, laundry facility, a dietary department, and an employee child care facility.

The KDVA is required by KRS 40.315 to establish and maintain Kentucky state veterans' cemeteries. The Kentucky Veterans' Cemetery-West consists of 73 acres and is located on Highway 41A south of Hopkinsville. The facility includes an administration building, a maintenance building with service area, committal facility, a columbarium, appropriate parking, road network, walking path and landscaping. Two new veterans' cemeteries are currently under construction: the Veterans' Cemetery-Central in Ft. Knox is expected to begin operations in late fiscal year 2007, and the Veterans' Cemetery-North near Williamstown is expected to begin operations in late fiscal year 2008.

The KDVA contracts with Volunteers of America to help support the operation of a Homeless Veterans' Transitional Shelter which opened for business in April 2005 on the Leestown Veterans Administration Hospital property in Lexington.

Policy

Included in the above General Fund appropriation is \$162,700 in fiscal year 2007 and \$495,800 in fiscal year 2008 for personnel and operating costs associated with the Veterans' Cemetery-Central in Ft. Knox and the Veterans' Cemetery-North in Williamstown.

Additional funding is provided in the capital budget to construct a new cemetery in Greenup County in Northeastern Kentucky.

General Government
Governor's Office of Agricultural Policy

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,000,000				
Total General Fund	1,000,000				
Tobacco Settlement-Phase I					
Tobacco Settlement - I	24,541,300	27,260,100	27,260,100	21,469,800	23,065,100
Continuing Appropriation	17,557,700	12,305,200	9,508,700	12,305,200	9,508,700
Total Tobacco Settlement-Phase I	42,099,000	39,565,300	36,768,800	33,775,000	32,573,800
Restricted Funds					
Balance Forward	625,700	613,100	354,600	613,100	324,400
Current Receipts	503,000	431,200	431,200	257,100	245,600
Total Restricted Funds	1,128,700	1,044,300	785,800	870,200	570,000
TOTAL SOURCE OF FUNDS	44,227,700	40,609,600	37,554,600	34,645,200	33,143,800
EXPENDITURES BY CLASS					
Personnel Cost	1,107,100	1,382,100	1,454,900	1,149,300	1,177,400
Operating Expenses	201,300	225,300	225,300	201,300	201,300
Grants, Loans or Benefits	30,001,000	29,138,900	30,048,900	23,461,500	31,765,100
TOTAL EXPENDITURES	31,309,400	30,746,300	31,729,100	24,812,100	33,143,800
EXPENDITURES BY FUND SOURCE					
General Fund	1,000,000				
Tobacco Settlement-Phase I	29,793,800	30,056,600	31,027,900	24,266,300	32,573,800
Restricted Funds	515,600	689,700	701,200	545,800	570,000
TOTAL EXPENDITURES	31,309,400	30,746,300	31,729,100	24,812,100	33,143,800

The Governor's Office of Agricultural Policy (GOAP) is the Governor's direct link to the Commonwealth's agricultural industry. The Kentucky Agricultural Development Board, the Kentucky Tobacco Settlement Trust Corporation, the Governor's Commission on Family Farms, the Kentucky Aquaculture Infrastructure Development Fund, the Kentucky Agricultural Resource Development Authority, the Governor's Tobacco Marketing and Export Advisory Council, and the Kentucky Agricultural Finance Corporation are staffed by the employees in this Office.

The Kentucky Agricultural Development Board, authorized in KRS 248.707, distributes funds received by the Commonwealth from the Tobacco Master Settlement Agreement (Phase I money). The Board invests in innovative proposals that increase net farm income and assists tobacco farmers and tobacco-impacted communities by stimulating markets, finding new ways to add value to existing products, and promoting diversification of Kentucky's agricultural economy.

The Agricultural Development Board has fifteen members, described in KRS 248.707(2). They are the Governor, Commissioner of Agriculture, Secretary of the Cabinet for Economic Development, and Director of the University of Kentucky Cooperative Extension Service, along with eleven members appointed by the Governor to staggered terms. Those appointees include representatives of the Kentucky Farm Bureau, the Kentucky Chamber of Commerce, an attorney, an agricultural lender, and seven active farmers.

Half of Kentucky's tobacco settlement receipts are allocated to the Agricultural Development Fund. That amount is further divided between a counties account, which receives 35 percent of the funds, and a state account that receives the remaining 65 percent. From the state account, the General Assembly has appropriated debt service for bonds to support farmland preservation and safe drinking water, water and sewer infrastructure projects, and funding for land conservation programs.

Thirty-five percent of funds received into the Agriculture Development Fund are allocated for projects on the county level. The specific funding level of a county is dependent upon its tobacco-production dependency in relation to other counties within the state as described in KRS 248.703(3). One hundred and eighteen of Kentucky's 120 counties receive a portion of the 35 percent county allocation. Each county has a council of local agriculture leaders who consider applications for grants from the county's share of funds and prioritizes them for the Agricultural Development Board, which has the final grant authority for each county's funds. The Board has developed several model programs in which counties may participate. Models have been developed for diversification of products, cattle genetics improvement, handling and storage facilities, fencing, forage improvement, and water resources. Funds are provided as matching grants.

In addition to Phase I, Kentucky tobacco farmers have received annual payments from the National Tobacco Grower Settlement Trust Agreement (Phase II). The Kentucky Tobacco Settlement Trust Corporation (KTSTC), also known as the Phase II Board is responsible for the creation of a distribution plan and list of eligible recipients for each year of the National Tobacco Growers Settlement Trust. The Grower's Settlement is an agreement reached between the four major cigarette manufacturers and tobacco-growing states to compensate tobacco growers and quota holders for anticipated losses in income due to the Master Settlement Agreement. Payments from the Grower's Settlement Trust Agreement were scheduled to continue through 2010. Since 1999, the KTSTC has certified over \$726 million in direct payments to Kentucky tobacco growers and quota holders. Approximately 163,000 individuals receive payments annually through the Phase II program. A total of 185,000 different individuals have received payment over the past four years. GOAP staff serves the KTSTC to carry out their duties including: management of the claim processing vendor contract, National Trustee relations, public information, publication development, and Board correspondence. Costs related to the administration of the program are reimbursed directly from the national trustee. The KADB does not have any mandated oversight or administrative management of the Phase II program.

On November 2, 2004, the tobacco companies participating in the Phase II agreement sent notice to the 14 grower states, requesting a full refund for the 2004 payments with a notice they would not make the final 2004 payment. In the 2005 Session, the General Assembly provided \$114 million, which included \$87 million in bond funds and \$27 million from Phase I statewide funds, to ensure Kentucky producers received a 2004 Phase II payment. In addition, the Burley Tobacco Growers Cooperative provided \$10 million to bring this total payment to Kentucky farmers to \$124 million.

As provided in the 2004-2006 budget, the bonds were issued and payments were made to Kentucky farmers in June 2005. On August 19, 2005, the North Carolina Supreme Court ruled that the tobacco companies were responsible for all of the 2004 Phase II payments. In October the trustee paid the disputed amount to the Kentucky Tobacco Settlement Trust Corporation, which in turn transferred the funds to the General Fund of the Commonwealth. As a result, the \$27,000,000 was returned to the Agriculture Development Fund, and the \$87 million in bonds will be devoted to other appropriated capital projects.

In addition to their work with Phase I and Phase II, the staff of GOAP assists the Governor's Commission on Family Farms and the Kentucky Agricultural Resource Development Authority (KARDA). The KARDA is created in KRS 11.170 as an organization of representatives from various commodity groups who inform and advise the Governor on issues related to the Kentucky's agricultural economy. The Commission on Family Farms was created by executive order in April 1998 to advise the Governor on issues related to farm families and rural communities. The staff of GOAP also assists with the Kentucky Agricultural Finance Corporation. The Kentucky Agricultural Finance Corporation is a *de jure* municipal corporation created in KRS 247.944 to provide access to capital for farmers and other agricultural enterprises. The Governor appoints all of the board members.

Policy

Included in the above appropriation of General Fund (Tobacco) is \$15,509,000 and \$16,419,000 respectively in each year of the biennium for the county portion of the Agriculture Development Fund.

The Governor's recommended budget provides the ability for counties that are allocated more than \$20,000 annually to devote up to four percent of the individual county allocation, not to exceed \$15,000 annually, to the county council for administrative costs.

General Government
Kentucky Infrastructure Authority

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		2,979,100	9,825,500	2,343,500	2,840,100
Total General Fund		2,979,100	9,825,500	2,343,500	2,840,100
Restricted Funds					
Balance Forward	2,397,400	472,000		1,621,400	1,121,400
Non-Revenue Receipts	2,904,000	866,800	1,341,500	983,300	1,502,600
Total Restricted Funds	5,301,400	1,338,800	1,341,500	2,604,700	2,624,000
Federal Funds					
Balance Forward	567,800				
Current Receipts	52,771,200	53,197,600	53,208,600	53,172,600	53,172,600
Non-Revenue Receipts	-3,000,000	-3,000,000	-3,000,000	-3,000,000	-3,000,000
Total Federal Funds	50,339,000	50,197,600	50,208,600	50,172,600	50,172,600
TOTAL SOURCE OF FUNDS	55,640,400	54,515,500	61,375,600	55,120,800	55,636,700
EXPENDITURES BY CLASS					
Personnel Cost	2,278,400	3,102,900	3,165,000	2,691,800	2,705,700
Operating Expenses	285,700	382,600	382,600	307,600	307,600
Grants, Loans or Benefits	51,454,900	51,000,000	51,000,000	51,000,000	51,000,000
Debt Service			6,798,000		752,000
Capital Outlay		30,000	30,000		
TOTAL EXPENDITURES	54,019,000	54,515,500	61,375,600	53,999,400	54,765,300
EXPENDITURES BY FUND SOURCE					
General Fund		2,979,100	9,825,500	2,343,500	2,840,100
Restricted Funds	3,680,000	1,338,800	1,341,500	1,483,300	1,752,600
Federal Funds	50,339,000	50,197,600	50,208,600	50,172,600	50,172,600
TOTAL EXPENDITURES	54,019,000	54,515,500	61,375,600	53,999,400	54,765,300

The Kentucky Infrastructure Authority (KIA), pursuant to KRS Chapter 224A, creates and coordinates regional infrastructure planning to promote higher levels of technical, managerial, and financial capacity of water-based utilities. The agency is also charged with promoting economies of scale among and between utilities to benefit consumers. The authority is administratively attached to the Governor's Office for Local Development.

The agency is authorized to issue notes and bonds to provide infrastructure financing for governmental agencies and investor-owned private utilities. The provisions of KRS 224A.165 dictate certain limits on the amount of notes and bonds the Authority can have outstanding. The purpose of the loans is to assist in financing the construction of infrastructure projects. The Authority also provides grants and subsidized loan incentives.

The following provides a description of the Authority's programs:

Fund A - Wastewater Revolving Loan Program - Local wastewater treatment facilities that qualify under the U.S. Environmental Protection Agency (EPA) standards are financed through this program. Jointly administered by the KIA and the Natural Resources Department, loans are provided at below-market interest rates. The Commonwealth appropriates an amount equal to this fund's debt service to make its bond payments.

Fund B Revolving Loan/Grant Program - This fund finances infrastructure that will enhance economic development and job creation. Loans are made to governmental entities that are unable to wholly finance a project through other public grant or

loan programs, through commercial credit at reasonable rates, or from their own resources. The loans are offered at or below market interest rates for a term not to exceed 30 years. Grants are available, but are reserved for borrowers facing both a financial hardship and an extreme health hazard. The Commonwealth appropriates an amount equal to this fund's debt service to make its bond payments.

Fund B 2020 Program - This fund provides financing primarily for, but not limited to, water service projects. The fund promotes the merger and consolidation of systems, and encourages the increased financial, managerial, and technical capacity of systems to provide service.

Fund C - Governmental Agencies Program - This program provides local governmental agencies access to funding through the municipal bond market at better terms than could be obtained on an independent basis. Loans are available at terms for up to thirty years for any infrastructure owned by governmental entities in the Commonwealth. The loans may be used to fund totally a construction project or they can be used to supplement grants or cash contributions.

Fund F - Drinking Water Revolving Loan Fund - This fund was established to assist in financing local drinking water treatment and distribution facilities that qualify under EPA requirements. Projects must be recommended by the Kentucky Division of Water from the Project Priority List and must be financially feasible as determined by KIA staff. Loan funds are available on short terms for planning and preliminary design work.

Coal Development and Tobacco Development Funds - These funds were created by the 2003 Regular Session of the General Assembly to support various water and sewer projects in Coal Producing and Tobacco Producing Counties. Each fund was capitalized with \$54,765,000 in bonds by the 2003 session of the General Assembly. The Authority coordinates the process of implementation and provides project administration for the projects funded in these programs. The agency reports that approximately \$51 million remains to be disbursed to previously identified grant recipients in these programs.

Infrastructure for Economic Development Funds - These funds were created by the 2005 Regular Session of the General Assembly in the amount of \$80 million for coal producing counties and \$126 million for tobacco producing counties. The Authority coordinates the process of implementation and provides project administration for the projects funded in these programs. The agency reports that approximately \$200,000 has been disbursed in these programs.

Policy

Included in the General Fund appropriation is \$376,000 in fiscal year 2008 for initial debt service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the Federally Assisted Wastewater Revolving Loan Fund program (Fund A).

Included in the General Fund appropriation is \$376,000 in fiscal year 2008 for initial debt service to support \$4,000,000 in bonds to match \$20,000,000 in Federal Funds for the Safe Drinking Water State Revolving Loan Fund program (Fund F).

The Governor's recommended budget includes General Fund appropriations in the amount of \$370,000 in fiscal year 2007 and \$311,700 in fiscal year 2008 from the Local Government Economic Development Fund to support services provide to coal producing counties by KIA.

**General Government
Military Affairs**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,017,300	24,558,700	21,961,200	11,177,700	11,177,700
Salary Compensation Fund	611,500				
Base Deduction	-2,264,000				
Mandated Allotments	10,500,000				
Total General Fund	19,864,800	24,558,700	21,961,200	11,177,700	11,177,700
Restricted Funds					
Balance Forward	2,407,299	2,166,800	2,166,800	1,705,800	1,193,800
Current Receipts	23,431,463	24,677,500	25,464,500	23,544,500	23,880,400
Non-Revenue Receipts	596,238	615,000	615,000	615,000	615,000
Fund Transfers	-300,000			-400,000	-300,000
Total Restricted Funds	26,135,000	27,459,300	28,246,300	25,465,300	25,389,200
Federal Funds					
Balance Forward	836,891				
Current Receipts	91,870,500	62,727,400	63,236,600	62,302,800	62,660,700
Non-Revenue Receipts	-836,891				
Total Federal Funds	91,870,500	62,727,400	63,236,600	62,302,800	62,660,700
TOTAL SOURCE OF FUNDS	137,870,300	114,745,400	113,444,100	98,945,800	99,227,600
EXPENDITURES BY CLASS					
Personnel Cost	27,604,400	30,830,655	32,696,337	26,743,200	26,798,800
Operating Expenses	21,289,800	21,924,345	21,998,463	19,951,000	19,991,200
Grants, Loans or Benefits	82,800,200	51,276,800	52,143,900	46,869,200	47,131,300
Debt Service	938,600	5,046,800	938,600	938,600	938,600
Capital Outlay	250,000	500,000	500,000	250,000	250,000
Construction	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
TOTAL EXPENDITURES	135,883,000	112,578,600	111,277,300	97,752,000	98,109,900
EXPENDITURES BY FUND SOURCE					
General Fund	19,583,300	24,558,700	21,961,200	11,177,700	11,177,700
Restricted Funds	24,429,200	25,292,500	26,079,500	24,271,500	24,271,500
Federal Funds	91,870,500	62,727,400	63,236,600	62,302,800	62,660,700
TOTAL EXPENDITURES	135,883,000	112,578,600	111,277,300	97,752,000	98,109,900
EXPENDITURES BY UNIT					
Statutory State Operations	10,376,900	11,679,600	12,116,000	10,353,600	10,353,600
National Guard Operations	300,000	300,000	300,000	300,000	300,000
Emergency & Public Safety Operations	4,500,000				
Self-Sustaining Operations	21,548,600	22,539,900	23,179,900	21,628,600	21,628,600
Federal & Grant Operations	99,157,500	66,033,600	66,706,100	65,469,800	65,827,700
TOTAL EXPENDITURES	135,883,000	100,553,100	102,302,000	97,752,000	98,109,900

The Department of Military Affairs is responsible for all military matters and disaster and emergency service coordination in the Commonwealth. The Governor is constitutional Commander-in-Chief of the National Guard in the state, and appoints the Adjutant General. The Adjutant General commands the Kentucky National Guard and directs and coordinates all programs in the Department.

The Department has the responsibility for organizing, equipping, training, and housing units of the Kentucky National Guard. These units may be called to duty by the Governor in the event of civil strife or disorder, or the occurrence of natural or man-made disasters.

The Department consists of the following organizational units: Office of Management and Administration, which contains the Division of Administrative Services, Division of Facilities, Bluegrass Station Division, and Division of Air Transport; the Division of Emergency Management; the Kentucky Community Crisis Response Board; the Kentucky Guard Youth Challenge Division; the Office of the Chief of Staff for Federal Army Guard; the Office of Chief of Staff for Federal Air Guard; and the Kentucky Civil Air Patrol.

Policy

Included in the above General Fund appropriation is \$300,000 in both fiscal years 2007 and 2008 to continue Kentucky's efforts regarding the U.S. Department of Defense's Base Realignment and Closure process.

**General Government
Commission on Human Rights**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,904,300	3,232,800	3,310,500	1,840,900	1,859,100
Salary Compensation Fund	59,200				
Base Deduction	-163,100				
Total General Fund	1,800,400	3,232,800	3,310,500	1,840,900	1,859,100
Restricted Funds					
Balance Forward	700	100		100	
Current Receipts	1,000	1,600	1,600	1,600	1,600
Total Restricted Funds	1,700	1,700	1,600	1,700	1,600
Federal Funds					
Balance Forward	114,100	25,400		114,100	70,700
Current Receipts	339,000	425,800	425,800	250,000	250,000
Total Federal Funds	453,100	451,200	425,800	364,100	320,700
TOTAL SOURCE OF FUNDS	2,255,200	3,685,700	3,737,900	2,206,700	2,181,400
EXPENDITURES BY CLASS					
Personnel Cost	1,724,500	2,692,800	2,825,100	1,752,200	1,782,600
Operating Expenses	416,500	733,500	699,900	383,800	383,800
Capital Outlay		21,000			
TOTAL EXPENDITURES	2,141,000	3,447,300	3,525,000	2,136,000	2,166,400
EXPENDITURES BY FUND SOURCE					
General Fund	1,800,400	3,232,800	3,310,500	1,840,900	1,859,100
Restricted Funds	1,600	1,700	1,600	1,700	1,600
Federal Funds	339,000	451,200	425,800	293,400	305,700
TOTAL EXPENDITURES	2,141,000	3,685,700	3,737,900	2,136,000	2,166,400
EXPENDITURES BY UNIT					
General Administration and Support	754,800	1,122,600	1,107,000	744,500	753,700
Enforcement Branch	832,100	1,261,600	1,290,900	810,400	822,700
Research and Information	359,100	859,200	880,400	395,800	402,700
Legal Affairs	195,000	442,300	459,600	185,300	187,300
TOTAL EXPENDITURES	2,141,000	3,685,700	3,737,900	2,136,000	2,166,400

The Kentucky Commission on Human Rights, pursuant to KRS Chapter 344, investigates, litigates, and administratively decides complaints of discrimination in the areas of employment, public accommodation, housing, and credit based on race, religion, national origin, age, disability, sex, smoking in employment, and familial status for housing decisions. The Commission has four service units: General Administration and Support, Enforcement, Research and Information, and Legal Affairs.

General Administration and Support performs personnel and fiscal activities and serves as a liaison with the Governor's Office, legislators, and other agencies in state government. This unit is responsible for development of internal policy directives and legislative initiatives.

The Enforcement Branch consists of two sections: Employment/Public Accommodations and Housing. Employees assigned to these sections receive, investigate, and conciliate complaints of discrimination in the areas of employment, public accommodation, credit transactions, and housing.

The Research and Information Branch provides technical assistance and education to local citizen groups, employers, public accommodations staff, educational institutions, local human rights commissions, and government officials. The staff conducts seminars and workshops on sexual harassment, the Kentucky Civil Rights Act, cultural diversity, and the Americans with Disabilities Act.

The Legal Affairs Branch litigates discrimination cases before administrative hearing officers, provides legal advice to inquiries, sworn complaints, and file closures. The legal staff takes depositions of witnesses, prepares legal briefs and appeals, and serves as in-house counsel.

Policy

An additional \$177,700 in Federal Funds is provided in fiscal year 2006 for the Commission to continue its work under contracts with the Department of Housing and Urban Development and the Equal Employment Opportunity Commission.

**General Government
Commission on Women**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	263,200	394,300	413,800	266,200	266,200
Salary Compensation Fund	4,000				
Base Deduction	-1,000				
Total General Fund	266,200	394,300	413,800	266,200	266,200
Restricted Funds					
Balance Forward	51,000	30,400	22,400	39,000	19,400
Current Receipts		2,000	2,000	6,000	5,000
Fund Transfers	-1,800				
Total Restricted Funds	49,200	32,400	24,400	45,000	24,400
TOTAL SOURCE OF FUNDS	315,400	426,700	438,200	311,200	290,600
EXPENDITURES BY CLASS					
Personnel Cost	180,500	308,000	327,400	188,900	192,800
Operating Expenses	95,900	96,300	91,400	102,900	97,800
TOTAL EXPENDITURES	276,400	404,300	418,800	291,800	290,600
EXPENDITURES BY FUND SOURCE					
General Fund	266,200	394,300	413,800	266,200	266,200
Restricted Funds	10,200	10,000	5,000	25,600	24,400
TOTAL EXPENDITURES	276,400	404,300	418,800	291,800	290,600

The Commission on Women, authorized in KRS 344.510, promotes women's interests by advising state agencies, the Governor, the General Assembly, and the private sector. It supports research and discussion about issues of interest to women such as health care, employment, and families.

The Kentucky Commission on Women (KCW), authorized in KRS 344.510, promotes women's interests by advising state agencies, the Governor, the General Assembly, local governments, and the private sector on matters pertaining to women. It supports research and discussion about issues of interest to women and provides advisory assistance in the establishment of local volunteer community improvement programs. The KCW conducts programs, studies, seminars, conferences, and encourages state and local women's business, professional, and civic organizations to do likewise and educate the public to the problems of women and girls. In a collaborative effort, the KCW will continue to work with the federal and state governments in advancing programs relating to women and girls.

Policy

Restricted Funds in the amount of \$20,000 in fiscal year 2007 and \$20,000 in fiscal year 2008 are provided to assist the Commission in hosting the National Association of Commission on Women's Conference, held in conjunction with the bi-annual Kentucky's Economic Summit on Women, in Louisville, Kentucky, in September 2007.

General Government
Governor's Office for Local Development

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,770,400	20,590,300	20,951,300	11,973,500	12,593,400
Salary Compensation Fund	153,100				
Base Deduction	-851,200				
Total General Fund	13,072,300	20,590,300	20,951,300	11,973,500	12,593,400
Restricted Funds					
Balance Forward	1,245,800	317,800	317,800		
Current Receipts	606,400	1,561,300	1,561,300	1,561,300	1,561,300
Non-Revenue Receipts	1,724,300			224,300	224,300
Fund Transfers	-1,817,800				
Total Restricted Funds	1,758,700	1,879,100	1,879,100	1,785,600	1,785,600
Federal Funds					
Balance Forward	63,000	63,000	63,000	63,000	63,000
Current Receipts	52,430,800	55,564,200	55,564,200	55,564,200	55,564,200
Total Federal Funds	52,493,800	55,627,200	55,627,200	55,627,200	55,627,200
TOTAL SOURCE OF FUNDS	67,324,800	78,096,600	78,457,600	69,386,300	70,006,200
EXPENDITURES BY CLASS					
Personnel Cost	5,429,200	6,970,500	7,331,500	5,762,500	5,912,300
Operating Expenses	983,500	1,422,600	1,422,600	1,051,400	1,053,500
Grants, Loans or Benefits	60,849,100	66,522,700	66,522,700	62,509,400	62,509,400
Debt Service		2,800,000	2,800,000		468,000
TOTAL EXPENDITURES	67,261,800	77,715,800	78,076,800	69,323,300	69,943,200
EXPENDITURES BY FUND SOURCE					
General Fund	13,072,300	20,590,300	20,951,300	11,973,500	12,593,400
Restricted Funds	1,758,700	1,561,300	1,561,300	1,785,600	1,785,600
Federal Funds	52,430,800	55,564,200	55,564,200	55,564,200	55,564,200
TOTAL EXPENDITURES	67,261,800	77,715,800	78,076,800	69,323,300	69,943,200
EXPENDITURES BY UNIT					
Commissioner	2,359,000	2,717,700	2,778,700	2,386,800	2,404,600
Grants	58,936,800	65,291,600	65,377,100	60,631,400	60,652,700
Financial Management & Administration	1,865,700	2,093,900	2,179,400	1,907,200	1,934,900
Field Services	1,134,800	1,448,400	1,516,900	1,176,800	1,196,400
Legal Services	177,300	288,100	299,100	187,900	190,700
Renaissance Kentucky	2,170,700	2,780,900	2,791,400	2,157,500	2,160,000
Kentucky Community Development Office	617,500	3,095,200	3,134,200	875,700	1,403,900
TOTAL EXPENDITURES	67,261,800	77,715,800	78,076,800	69,323,300	69,943,200

The Governor's Office for Local Government (GOLD), pursuant to KRS 147A.002, is an independent agency attached to the Office of the Governor. The agency was reorganized and renamed by Executive Order 05-564. GOLD serves as the liaison between the Governor and local units of government. It coordinates and resolves local government problems. The Department administers grants-in-aid, and serves as the cognizant state agency for Kentucky's fifteen Area Development Districts. These responsibilities are carried out through the Commissioner's Office and four primary administrative units.

The Commissioner's Office formulates policy that governs programs administered by the Department. The General

Counsel for the Department is housed within this budgetary unit. The office also serves as a liaison with state and federal agencies that deal with each of the Kentucky's 120 counties, 435 cities, 1400 special districts and the 15 Area Development Districts. The Trover Grant which brings University of Louisville medical students to the Western Kentucky Coal Fields for a portion of their residency is administered by the Commissioner's Office. The Knott County Arts and Crafts and the Richmond Arts Center Grants are housed in this administrative unit.

The Division of Grants administers the Community Development Block Grant Program for small cities, Economic Growth Grant, the Land and Water Conservation Fund, the Kentucky Recreational Trails Program and State Grants appropriated by the General Assembly. Moreover, the Division develops and conducts training programs for local governments across the Commonwealth in conjunction with other governmental agencies, associations and the Area Development Districts. It maintains the Commonwealth's Clearinghouse for all federal grants and administers the Joint Funding Agreement and Appalachian Regional Commission grants.

The Flood Control Program also is administered by the Grants Division. In partnership with federal and local agencies, the matching program lessens flood damage losses by providing structural and nonstructural assistance to Kentucky communities. The Fund ensures that matching funds required by the U.S. Army Corp of Engineers, Federal Emergency Management Agency (FEMA), and Natural Resources Conservation Service (NRCS) are available for vital projects. The program provides matching dollars for federal grants for straight sewage pipe removal projects funded by the Personal Responsibility in a Desirable Environment (PRIDE) program.

The Office of Renaissance Kentucky serves as the lead state agency for the administration of the Renaissance Kentucky Cities Program. Its mission is to revitalize downtowns by renewing pride in downtown centers, attracting new businesses and jobs, promoting tourism and encouraging cultural growth. Moreover, Renaissance Kentucky encourages the development of attractive housing in downtown centers. The program brings together public and private resources, expertise and incentives to take a comprehensive approach in solving problems of transportation, housing, water and sewer systems, business development and service delivery in cities.

The Field Services Office makes state government more accessible to Kentuckians by stationing community representatives in seven regional centers across the Commonwealth. Field service representatives answer citizens' questions, resolve problems, conduct research and help develop local grant applications.

The Division of Financial Management and Administrative Services perform agency administrative functions. It has responsibility for personnel administration, payroll, purchasing, library management, accounting, and budgeting for the entire agency. The Division provides information technology support for the Department and to local government units. Its statutory duties include: the calculation of maximum compensation for elected officials; the dissemination, collection and compilation of uniform financial information from all cities, counties and special taxing districts; the establishment of the standard chart of accounts; and the collection of annual audits and financial statements from all municipalities. This Division provides technical assistance and funding to the Chase Municipal Law Center. This administrative unit also provides technical assistance on local fiscal matters.

The Kentucky Community Development Office (KCDO) promotes economic development in Kentucky's localities. KCDO is responsible for financial management, accounting, and fund allocation and reporting of both the Local Economic Development Grant Fund (LGEDF) and Local Government Economic Assistance Grant Fund programs. The agency also reviews and approves LGEDF statutory grant applications. KCDO oversees those projects, and others authorized by the General Assembly through the budget. KCDO also administers the Kentucky Community Economic Development Growth Grant Program. This grant program assists counties, cities, special districts, or local school districts fund projects that improve the economic vitality of the community.

Policy

The Governor's budget recommendation provides an allocation from the General Fund in the amount of \$250,000 in each year of the biennium for the River Park Center in Owensboro.

Included in the recommended budget is an allocation from the General Fund in the amount of \$100,000 in each year of the biennium for the Richmond Arts Center.

Included in the enacted budget is an allocation from the General Fund in the amount of \$1,000,000 in each year of the biennium for the Trover Clinic Grant in Madisonville. These General Fund dollars are derived from coal severance revenues.

The Governor's recommended budget provides an allocation from the General Fund in the amount of \$95,500 in each year of the biennium for the Chase Municipal Law Center.

Included in the budget recommendation is an allocation from the General Fund in the amount of \$2 million in each year of the biennium to support Renaissance Kentucky Cities grants.

The Governor's recommended budget includes \$669,700 in fiscal year 2007 and \$728,000 in fiscal year 2008 to administer Local Government Economic Development Fund (LGEDF) single county grants. These funds are derived from the LGEDF program.

Included within the General Fund appropriation in fiscal year 2008 is \$468,000 for debt service to support Bond Funds in the amount of \$5 million for the Community Economic Development Growth program.

General Government Special Funds

The Special Funds program includes: the Local Government Economic Assistance Fund (LGEAF), the Local Government Economic Development Fund (LGEDF), and the Area Development Fund. Under KRS 42.4585 and KRS 42.4582, quarterly transfers from coal severance tax revenues for these two programs are made after the annual \$19 million severance tax allocation is credited to the Workers' Compensation Funding Commission and funds are set aside for the Osteopathic Medicine Scholarship under a formula prescribed by KRS 164.7891.

Policy

Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2007 and fiscal year 2008.

The application of the Osteopathic Medicine Scholarship funding formula provides an estimated \$1,024,300 in each fiscal year of the biennium.

In accordance with KRS 42.485, the continuing appropriation amount from fiscal year 2006 to fiscal year 2007 and fiscal year 2007 to fiscal year 2008 will equal the cash balance in the LGEDF and LGEAF accounts at the close of the preceding fiscal year.

Since payments from the LGEAF and LGEDF to local governments are made on a quarterly basis after collection of the taxes, fiscal year 2007 allocations include one quarterly payment from the last three months of fiscal year 2006 collections and three payments from collections made during the first nine months of fiscal year 2007. This process continues in fiscal year 2008 with that year including a payment from the last three months of fiscal year 2007 collections and three payments from the collections made during first nine months of fiscal year 2008.

The amounts reflected above for the LGEAF and the LGEDF are calculated using December 2005 consensus revenue estimates and the enacted rate and transfer policy (see chart on following page).

**Severance Tax Dedicated Programs 2006-2008 Biennium
Using December 2005 Consensus Forecast**

	Revised FY 2006 <small>Includes 2 Quarters of Actual Data</small>	Recommended FY 2007	Recommended FY 2008
Coal Severance Tax*	208,757,400	210,928,100	211,644,900
Less: Workers' Comp Set Aside (to General Fund)	-19,000,000	-19,000,000	-19,000,000
Less: Osteopathic Medicine Scholarship Program (KRS 164.7891)	-1,318,500	-1,024,300	-1,024,300
Less: Trover Clinic Grant	-1,000,000	-1,000,000	-1,000,000
Total coal severance tax resources to be distributed	187,438,900	189,903,800	190,620,600

Other Severance Tax Resources

Other Severance Taxes*			
Minerals Severance	15,170,700	16,200,000	15,300,000
Natural Gas Severance	26,894,000	26,200,000	25,300,000
Oil Production	5,965,700	5,700,000	5,400,000
Total other severance revenue to be distributed	48,030,400	48,100,000	46,000,000

Local Government Economic Assistance Fund (LGEAF) Grand Total			
Other severance revenue (50% of revenues)	24,015,200	24,050,000	23,000,000
Coal Severance (15% of Revenues)	28,115,800	28,485,600	28,593,100
Total LGEAF to be distributed to localities	52,131,000	52,535,600	51,593,100

Local Government Economic Development Fund			
<i>Funding set asides listed below can only be spent in coal producing counties</i>			
Coal severance (35% of amounts remaining to be distributed)	65,603,600	66,466,300	66,717,200
Less: Read to Achieve (Education)	-4,000,000	-8,000,000	-8,000,000
Less: School Facilities Debt Service (SFCC)	-4,617,900	-4,617,900	-4,617,900
Less: Tourism Marketing (Commerce)	-1,000,000		
Less: Drug Courts (Office of Drug Control Policy)	-1,000,000	-1,000,000	-1,000,000
Less: Flood Control Matching Program/State-Owned Dam Repair Pool for Coal Counties (GOLD & EPPC)	-1,500,000	-800,000	-800,000
Less: High-Tech Construction/Investment Pool (Econ. Dev)	-3,500,000		
Less: LGEDF Project Administration (GOLD and KIA)	-1,039,700	-1,039,700	-1,039,700
Less: Debt Service on Bonds for Coal County Development Fund-2003 Session of the General Assembly (KIA)	-4,091,900	-4,091,900	-4,091,900
Less: Need-Based Scholarship Fund (KHEAA)		-5,000,000	-5,000,000
Less: Mining Engineering Scholarship Program (UK)		-200,000	-200,000
Total LGEDF to be Distributed to Counties	44,854,100	41,716,800	41,967,700
Total LGEDF Single County Allocation	29,904,200	27,812,600	27,979,900

Local Government Economic Development Multi-County Fund			
Multi-County Allocation (33% of LGEDF County Distribution)	14,949,900	13,904,200	13,987,800
Balance Forward	15,354,000	24,078,900	13,533,100
Total Multi-County Resources	30,303,900	37,983,100	27,520,900
Less: Debt Service on Bonds for Infrastructure Economic Development Fund-2005 Session of the General Assembly (KIA)	-3,725,000	-7,450,000	-7,450,000
Less: Drug Courts (Office of Drug Control Policy)	-1,000,000	-1,000,000	-1,000,000
Less: Operation Unite (Office of Drug Control Policy)	-1,500,000	-1,500,000	-1,500,000
Less: Flood Control Matching Program/State-Owned Dam Repair Pool for Coal Counties (GOLD & EPPC)		-700,000	-700,000
Less: Tourism Marketing (Commerce)		-1,000,000	-1,000,000
Less: Energy R & D (Commerce)		-3,500,000	-3,500,000
Less: School Technology (Education)		-5,000,000	-5,000,000
Less: Elk Herd Viewing Project (Fish and Wildlife)			-3,000,000
Less: Clean Water Act Section 404 State Primacy Program (EPPC)		-300,000	-300,000
Less: Multi-County Statutory Uses (Economic Development)		-4,000,000	-3,000,000
Balance To Be Carried Forward	24,078,900	13,533,100	1,070,900

*Revenue numbers account for quarter lag

General Government
Local Government Economic Assistance Fund

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	41,977,900	49,236,800	46,821,800	52,535,600	51,593,100
Other	10,153,100				
Total General Fund	52,131,000	49,236,800	46,821,800	52,535,600	51,593,100
TOTAL SOURCE OF FUNDS	52,131,000	49,236,800	46,821,800	52,535,600	51,593,100
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	52,131,000	49,236,800	46,821,800	52,535,600	51,593,100
TOTAL EXPENDITURES	52,131,000	49,236,800	46,821,800	52,535,600	51,593,100
EXPENDITURES BY FUND SOURCE					
General Fund	52,131,000	49,236,800	46,821,800	52,535,600	51,593,100
TOTAL EXPENDITURES	52,131,000	49,236,800	46,821,800	52,535,600	51,593,100

The Local Government Economic Assistance Fund (LGEAF) (KRS 42.450-42.495), created by the 1980 Regular Session of the General Assembly, is a revenue sharing program that returns a portion of the coal and minerals severance taxes to local governments in areas where the minerals were extracted. These funds are used by those communities to strengthen and “to improve the environment for new industry and to improve the quality of life of the residents”. Counties that are involved in the production of coal or minerals such as natural gas, oil, and stone and cities within those counties are eligible to receive LGEAF payments. Likewise, counties and their cities affected by the transportation of coal are eligible to receive a portion of the returned severance taxes.

The LGEAF coal severance tax program currently returns funds to an estimated 67 counties and approximately 279 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 15 percent of the taxes collected annually on the sale and processing of coal minus funds to support the Workers Compensation Funding Commission and the Osteopathic Medicine Scholarship program be transferred to the LGEAF for subsequent allocation and distributed to the localities. Quarterly allocations are made to localities according to such criteria as population, income, the amount and distance coal is transported over local areas, and taxes collected from the county.

The LGEAF minerals severance tax program currently returns funds to 99 counties and approximately 359 cities at the end of each fiscal quarter. Kentucky law provides that an amount equal to 50 percent of the taxes collected annually on the sale and processing of minerals, exclusive of coal, is transferred into the LGEAF for subsequent allocation and distribution to local governments. Quarterly payments to counties are determined by the amounts of mineral taxes paid. Distribution to cities is based on relative population.

Policy

Notwithstanding KRS 42.4585, the quarterly calculation and transfer of the funds to the LGEAF shall be made only after each quarterly installment of the annual appropriation of \$1,000,000 in each fiscal year of the biennium has been credited to the Trover Clinic Grant within the Governor's Office for Local Development.

General Government
Local Government Economic Development Fund

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	32,509,800	42,158,000	37,561,000	41,716,800	41,967,700
Other	12,344,300				
Total General Fund	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
TOTAL SOURCE OF FUNDS	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
TOTAL EXPENDITURES	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
EXPENDITURES BY FUND SOURCE					
General Fund	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
TOTAL EXPENDITURES	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
EXPENDITURES BY UNIT					
Economic Development Fund	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700
TOTAL EXPENDITURES	44,854,100	42,158,000	37,561,000	41,716,800	41,967,700

The Local Government Economic Development Fund (LGEDF) in KRS 42.458-42.495 is a revenue-sharing program that was created by the 1992 Kentucky General Assembly to provide coal producing counties with the means to diversify their economies. The governing statute mandates that 35 percent of coal severance tax revenue be returned to coal producing counties. Two-thirds of the funds are distributed to individual county accounts using a formula based on coal severance taxes paid from the county, surplus labor rate, relative mining earnings, and relative mining employment. One-third of the dollars are reserved for the Multi-County Fund for joint projects. Kentucky law limits the use of the LGEDF to industrial park development projects, regional parks and job development incentive grants made to individual firms. Currently, 39 of the 45 original counties receive coal severance allocations.

The Governor's Office for Local Development (GOLD) is responsible for LGEDF financial management, accounting, and fund allocation and reporting. It also reviews and approves LGEDF grant applications. GOLD oversees those projects, and others authorized by the General Assembly through the budget. The Cabinet for Economic Development reviews and approves the LGEDF multi-county fund grant applications. It oversees those projects as well as other projects authorized by the General Assembly through the budget.

Policy

The Governor's recommended budget includes support for the Read to Achieve Program in the Department of Education by allocating \$8 million each year from the LGEDF before funds are distributed to localities. The recommended budget continues to provide funding for debt service on School Facilities Construction Commission bonds in the amount of \$4,617,900 each fiscal year of the biennium from the LGEDF before funds are distributed to localities. These bonds were approved by the 2003 Session of the General Assembly.

The Governor's recommended budget includes \$1 million in each fiscal year of the biennium for the Drug Courts program from the LGEDF before funds are distributed to localities. The Cabinet for Economic Development is authorized to transfer an additional \$1 million each fiscal year from the LGEDF Multi-County Fund to the Office of Drug Control Policy to support this effort. These funds will be expended for drug courts serving coal-producing counties only.

Included in the recommended budget is funding to provide local match dollars for the Flood Control Matching-State Dam Repair program in the amount of \$800,000 in each year of the biennium from the LGEDF before distribution to localities. The Cabinet for Economic Development is authorized to transfer an additional \$700,000 each fiscal year from the LGEDF Multi-County Fund to the Fund as well. These funds may be used to provide local match dollars for the federal flood control

program and the Personal Responsibility in Desirable Environment (PRIDE) program. These funds also may be directed to repair state-owned dams in coal producing counties.

The Governor's recommended budget continues the practice of providing support for services provided to coal producing counties by GOLD by allocating \$1,039,700 in each fiscal year of the biennium to GOLD administrative units.

The budget recommendation includes funding for debt service in the amount of \$4,091,900 in each fiscal year of the biennium to fund Coal County Development Fund (water and sewer projects) authorized by the 2003 Regular Session of the General Assembly.

Included in the recommended budget is \$5 million in each fiscal year of the biennium from the LGEDF before funds are distributed to localities for the Need-Based Scholarship Program administered by the Kentucky Higher Education Assistance Authority. Only students from coal producing counties will be eligible for these scholarships.

The budget recommendation allocates \$200,000 each year of the biennium from the LGEDF before funds are distributed to the localities for a Mining Engineering Scholarship Program at the University of Kentucky. Only students from coal producing counties will be eligible for these scholarships.

The Governor's recommended budget authorizes the Cabinet for Economic Development to transfer \$7,450,000 from the LGEDF Multi-County fund to the General Fund to pay for debt service the Infrastructure Economic Development Fund for Coal Producing Counties funded by the 2005 Regular Session of the General Assembly.

The budget recommendation authorizes the Cabinet for Economic Development to transfer \$1.5 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Office of Drug Control Policy Cabinet to support Operation Unite in coal producing counties.

The Governor's recommended budget authorizes the Cabinet for Economic Development to transfer \$1 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Commerce Cabinet to support the Tourism Marketing Program in coal producing counties.

The budget recommendation authorizes the Cabinet for Economic Development to transfer \$3.5 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Commerce Cabinet to support the Energy R & D Program in coal producing counties. Projects must be targeted solely to Kentucky's LGEDF eligible counties.

The Governor's recommended budget authorizes the Cabinet for Economic Development to transfer \$5 million in each fiscal year of the biennium from the LGEDF Multi-County Fund to the Kentucky Department of Education to support the School Technology Program in coal producing counties.

The Governor's recommended budget authorizes the Cabinet for Economic Development to transfer \$3 million in fiscal year 2008 from the LGEDF Multi-County Fund to the Department of Fish and Wildlife Resources to fund the Wildlife/Elk Herd Interpretive Center capital project.

The budget recommendation authorizes the Cabinet for Economic Development to transfer \$300,000 in each year of the biennium to the Environmental and Public Protection Cabinet to fund the Clean Water Act Section 404 permitting activities. These funds will only be made available should the state assume primacy over the program.

Notwithstanding KRS 42.4588(2), LGEDF allocations to each coal-producing county, above the amounts specified through the line item appropriations by the General Assembly, may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development. This requires the concurrence of both the respective fiscal court and the Governor's Office for Local Development or the Kentucky Infrastructure Authority, as appropriate.

Notwithstanding KRS 42.4588(2), LGEDF, Multi-County Fund allocations may be used to support the nonrecurring investments in public health and safety, economic development, public infrastructure, information technology development and access, and public water and wastewater development.

Notwithstanding KRS 42.4582, the quarterly calculation and transfer of funds to the LGEDF shall be made only after each quarterly installment of the annual appropriation of \$1,000,000 in each fiscal year has been credited to the Trover Clinic Grant with the Governor's Office for Local Development.

**General Government
Area Development Fund**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	809,700	850,200	850,200	809,700	809,700
Total General Fund	809,700	850,200	850,200	809,700	809,700
TOTAL SOURCE OF FUNDS	809,700	850,200	850,200	809,700	809,700
EXPENDITURES BY CLASS					
Grants, Loans or Benefits	809,700	850,200	850,200	809,700	809,700
TOTAL EXPENDITURES	809,700	850,200	850,200	809,700	809,700
EXPENDITURES BY FUND SOURCE					
General Fund	809,700	850,200	850,200	809,700	809,700
TOTAL EXPENDITURES	809,700	850,200	850,200	809,700	809,700

The Area Development Fund is a revenue sharing program that was created by the 1976 Regular Session of the General Assembly to fund industrial development projects in communities within each of the 15 Area Development Districts. Kentucky law provides that 4.4 percent of the coal severance tax revenues are to be allocated to a project pool administered by the Governor's Office for Local Development (GOLD). The Area Development Districts rank and recommend to the Commissioner of GOLD the projects that they consider to be eligible for funding.

Policy

Notwithstanding KRS 42.350, the enacted budget allocates \$809,700 from the General Fund to the Area Development Fund in each year of the biennium.

**General Government
Executive Branch Ethics Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	351,500	501,200	502,300	435,000	444,000
Current Year Appropriation	62,400				
Salary Compensation Fund	9,100	43,200	67,600		
Total General Fund	423,000	544,400	569,900	435,000	444,000
Restricted Funds					
Balance Forward	100				
Current Receipts	2,300	28,300	29,500	1,500	1,500
Total Restricted Funds	2,400	28,300	29,500	1,500	1,500
TOTAL SOURCE OF FUNDS	425,400	572,700	599,400	436,500	445,500
EXPENDITURES BY CLASS					
Personnel Cost	382,600	523,600	550,600	392,500	399,000
Operating Expenses	42,800	49,100	48,800	44,000	46,500
TOTAL EXPENDITURES	425,400	572,700	599,400	436,500	445,500
EXPENDITURES BY FUND SOURCE					
General Fund	423,000	544,400	569,900	435,000	444,000
Restricted Funds	2,400	28,300	29,500	1,500	1,500
TOTAL EXPENDITURES	425,400	572,700	599,400	436,500	445,500

In accordance with KRS 11A, the Executive Branch Ethics Commission is responsible for reviewing the personal financial interests of the constitutional officers and management personnel in state government in order to prevent conflicts of interest. Additionally, the Commission issues advisory opinions with regard to ethical conduct, investigates possible violations and enforces the Code, and provides a registration mechanism for executive agency lobbyists.

Policy

The Executive Budget provides a current year (FY 2006) General Fund appropriation totaling \$62,400 above the base budget to support the agency's operations and additional caseload. In fiscal year 2007 and fiscal year 2008, additional General Fund appropriations of \$74,400 and \$83,400, respectively, are provided above the fiscal year 2006 base budget to support agency operations.

**General Government
Secretary of State**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,224,000	2,956,100	3,100,500	2,299,300	2,298,100
Salary Compensation Fund	84,300				
Total General Fund	2,308,300	2,956,100	3,100,500	2,299,300	2,298,100
Restricted Funds					
Balance Forward	502,100	399,200	1,262,900	49,200	
Current Receipts	1,700,000	1,700,000	1,800,000	1,700,000	1,800,000
Fund Transfers	-1,350,000			-900,000	-900,000
Total Restricted Funds	852,100	2,099,200	3,062,900	849,200	900,000
TOTAL SOURCE OF FUNDS	3,160,400	5,055,300	6,163,400	3,148,500	3,198,100
EXPENDITURES BY CLASS					
Personnel Cost	2,285,900	2,986,600	3,147,500	2,378,400	2,428,000
Operating Expenses	825,300	805,800	805,900	770,100	770,100
TOTAL EXPENDITURES	3,111,200	3,792,400	3,953,400	3,148,500	3,198,100
EXPENDITURES BY FUND SOURCE					
General Fund	2,308,300	2,956,100	3,100,500	2,299,300	2,298,100
Restricted Funds	802,900	836,300	852,900	849,200	900,000
TOTAL EXPENDITURES	3,111,200	3,792,400	3,953,400	3,148,500	3,198,100
EXPENDITURES BY UNIT					
General Administration	1,573,000	1,989,100	2,089,300	1,593,200	1,615,800
General Operations	982,600	1,076,000	1,120,200	989,500	1,014,500
Limited Liability Companies	511,600	683,300	699,900	521,800	523,800
Restoration of Land Grant Books	44,000	44,000	44,000	44,000	44,000
TOTAL EXPENDITURES	3,111,200	3,792,400	3,953,400	3,148,500	3,198,100

The Secretary of State is the constitutional officer entrusted with filing, maintaining, and preserving the important documents and records of the Commonwealth. The Secretary also keeps the Seal of the Commonwealth and affixes it to all communications and commissions issued in the name of the state. The Office of the Secretary of State consists of one appropriation unit with three functions: General Administration, General Operations and Kentucky Business Law, and Restoration of Land Grant Books.

General Administration is responsible for executive policy and management functions for the entire office. It prepares and records official documents for the Governor, administers Kentucky's notary public law, issues commissions, pardons, commutations, extraditions, processes service of summonses, and implements election laws of the Commonwealth.

General Operations and Kentucky Business Law is responsible for the registration and incorporation of businesses, both domestic and foreign, profit and non-profit, including the administration of documents of merger, dissolution, and name changes. It also accepts and processes filings for limited liability companies and registered limited liability partnerships. These companies and partnerships must also file articles of organization with the Secretary of State as well as amendments, mergers and dissolutions.

Restoration of Land Grant Books preserves Kentucky land grant records and fulfills daily inquiries and requests for copies of those records. It files city annexations and incorporations, state deeds, and new land patents, and provides the public with certified copies of land surveys, grants, and military warrants. The restoration process consists of indexing, de-acidifying, laminating, and bonding, thus safely preserving Kentucky's original land grants.

Policy

Notwithstanding KRS 14.140, Restricted Funds appropriations shall not lapse and shall be used for continuation of current activities in the Office of the Secretary of State.

Notwithstanding KRS 14.140, \$350,000 in fiscal year 2006, \$900,000 in fiscal year 2007, and \$900,000 in fiscal year 2008 shall be transferred to the General Fund.

**General Government
Board of Elections**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	3,046,400	4,773,700	4,616,100	4,878,500	4,861,900
Continuing Appropriation	1,100,000				
Salary Compensation Fund	30,700				
Total General Fund	4,177,100	4,773,700	4,616,100	4,878,500	4,861,900
Restricted Funds					
Balance Forward	9,200	52,100	55,000	52,100	34,500
Current Receipts	100,000	60,000	80,000	60,000	60,000
Total Restricted Funds	109,200	112,100	135,000	112,100	94,500
Federal Funds					
Balance Forward	38,428,500	15,628,500	5,628,500	15,628,500	5,628,500
Total Federal Funds	38,428,500	15,628,500	5,628,500	15,628,500	5,628,500
TOTAL SOURCE OF FUNDS	42,714,800	20,514,300	10,379,600	20,619,100	10,584,900
EXPENDITURES BY CLASS					
Personnel Cost	930,700	1,115,400	1,177,500	961,400	950,900
Operating Expenses	724,000	808,900	808,000	713,800	713,800
Grants, Loans or Benefits	25,379,500	12,906,500	8,316,200	13,280,900	8,919,600
TOTAL EXPENDITURES	27,034,200	14,830,800	10,301,700	14,956,100	10,584,300
EXPENDITURES BY FUND SOURCE					
General Fund	4,177,100	4,773,700	4,616,100	4,878,500	4,861,900
Restricted Funds	57,100	57,100	57,100	77,600	93,900
Federal Funds	22,800,000	10,000,000	5,628,500	10,000,000	5,628,500
TOTAL EXPENDITURES	27,034,200	14,830,800	10,301,700	14,956,100	10,584,300
EXPENDITURES BY UNIT					
General Administration and Support	1,654,700	1,924,300	1,985,500	1,675,200	1,664,700
State Share of County Election Expenses		980,800	905,800	1,881,500	1,811,600
State Share of Voter Registration Expenses	1,479,500	1,399,400	1,485,600	1,399,400	1,479,500
Election Fund	23,900,000	10,526,300	5,924,800	10,000,000	5,628,500
TOTAL EXPENDITURES	27,034,200	14,830,800	10,301,700	14,956,100	10,584,300

The State Board of Elections administers the election laws of the state (KRS Chapters 116, 117, 118, 118A, 119, and 120) and supervises the registration and purgation of voters. The Board is responsible for canvassing returns, certifying successful candidates, maintaining the statewide list of registered voters, and paying local election officers.

The Board is chaired by the Secretary of State. Six other members are appointed by the Governor.

General Administration and Support

The General Administration and Support program objectives are to maintain an up-to-date computerized record of registered voters in the state, certify election results, produce precinct rosters, issue certification of nomination and election, train county clerks in election duties, and conduct a nonpartisan voter education program.

Kentucky leads the nation with the implementation of the National Voter Registration Act (Motor Voter) and the on-line voter registration system. The system provides for:

- On-line inquiry which enables the county clerks to view the registration and voting record of each current registrant.
- Daily file maintenance which allows the county clerk to enter new registrants, transfer a registrant, or make the proper registration change on a local level. Once entered, this information is electronically transmitted to the statewide central file at the State Board of Elections in Frankfort.
- Printing and distribution of precinct rosters and alphabetical rosters to the county clerks for use on Election Day. This process begins when the books are closed and all changes, additions, and deletions are made to the file. The primary election consists of approximately 500,000 documents and the general election consists of approximately 275,000 documents. Post election activities include giving credit to all voters who voted on Election Day. This data is scanned into the system allowing the agency to update the voter files, produce voter turnout reports, and prepare various other reports including vital data to candidates.

State Share of County Election Expenses

The State Share of County Election Expenses program pays all precincts the state's statutory share of county election expenses.

The state currently has 3,506 precincts with over 2.8 million registered voters. The number of precincts increases as registration totals increase and as reapportionment of county commissioner/magisterial districts and congressional and state redistricting occur.

State Share of Voter Registration Expenses

The State Board of Elections remits payment to the county clerk of the state amount of twenty-five cents (\$0.25) for registration of voters pursuant to KRS 116.145. There is a significant increase of newly registered voters in years that county and presidential candidates are on the ballot.

The State Board of Elections remits reimbursement to county clerks an amount not to exceed fifty cents (\$0.50) per registered voter in the county per year for the cost of employing office personnel necessary for the conduct of elections, including the registration and purgation of voters in the county pursuant to KRS 117.343 and KRS 116.112(7).

Election Fund

On October 29, 2002, President George W. Bush signed the Help America Vote Act (HAVA) into law. HAVA is a federal response to the irregularities in voting systems and processes seen in certain states during the 2000 Presidential election.

Kentucky continues to lead the nation in the implementation of the Help America Vote Act and in many cases, serves as a model for other states. The Act imposed new election requirements on states and called for the upgrade of voting machines to be in compliance by January 1, 2006.

The State Board of Elections is responsible for the administration and distribution of the \$37 million in federal funds awarded to Kentucky. As of December 2005, 77 counties have been reimbursed for implementing handicap accessible voting machines, in-house absentee voting machines, and optical scan absentee ballot systems. The remaining 43 counties will be reimbursed as they submit documentation of compliance for a total amount of eligible funds available for new voting equipment across the Commonwealth in the amount of \$20 million dollars. The balance of funding will be used to meet various other requirements such as a voting system audit trail, provisional voting, voter education, poll worker training, enhancement of the statewide voter registration system, handicap accessibility, and election administration technology for the counties.

Policy

Included in the General Fund appropriation is \$3,280,900 in fiscal year 2007 and \$3,291,100 in fiscal year 2008 to pay the state's share of county election expenses and the state's share of voter registration expenses. Any unexpended balance remaining at the close of each fiscal year shall lapse to the credit of the General Fund. Any amount that the state is required to pay in excess of the above amounts shall be deemed a Necessary Governmental Expense and shall be paid from the General Fund.

Notwithstanding KRS 117.345(2), the maximum state payment rate is increased this biennium from \$255 to \$300 for each precinct containing a voting machine. Any amount the state is required to pay in excess of the above amounts shall be deemed Necessary Governmental Expenses and shall be paid from the General Fund.

Costs associated with special elections and additional precincts created by redistricting or reapportionment shall be deemed Necessary Governmental Expenses and be paid from the General Fund.

The Help America Vote Act, Section 254 (7), requires the state to maintain the expenditures of the state for activities funded by the payment at a level that is not less than the level of such expenditures maintained by the state for the fiscal year ending prior to November 2000. Kentucky's maintenance of effort requirement is \$1,303,200. Any funding below this amount would result in loss of federal funds.

The Governor's recommended budget fully funds the five percent state match required for the \$37 million in federal dollars available to our state to implement the new mandates.

Notwithstanding KRS 45.229, any unexpended General Fund continuing appropriation to match HAVA federal funds shall not lapse and shall carry forward into the following fiscal year.

Any amount required to match federal funds for the Help America Vote Act shall be deemed necessary governmental expense and shall be paid from the General Fund.

**General Government
Registry of Election Finance**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,409,500	1,807,800	1,888,800	1,547,100	1,571,700
Salary Compensation Fund	37,800				
Total General Fund	1,447,300	1,807,800	1,888,800	1,547,100	1,571,700
Restricted Funds					
Balance Forward	11,300				
Current Receipts	2,000				
Total Restricted Funds	13,300				
TOTAL SOURCE OF FUNDS	1,460,600	1,807,800	1,888,800	1,547,100	1,571,700
EXPENDITURES BY CLASS					
Personnel Cost	1,063,300	1,427,100	1,508,400	1,166,400	1,191,300
Operating Expenses	397,300	380,700	380,400	380,700	380,400
TOTAL EXPENDITURES	1,460,600	1,807,800	1,888,800	1,547,100	1,571,700
EXPENDITURES BY FUND SOURCE					
General Fund	1,447,300	1,807,800	1,888,800	1,547,100	1,571,700
Restricted Funds	13,300				
TOTAL EXPENDITURES	1,460,600	1,807,800	1,888,800	1,547,100	1,571,700

The role of the Kentucky Registry of Election Finance is to assure the integrity of the Commonwealth's electoral process by making certain there is full public access to campaign financial data and financial disclosure reports, and by administering Kentucky's campaign finance laws.

The Registry ensures that information reports pertinent to election campaign financing are filed on a timely basis and reviews this information for completeness, accuracy, and compliance with campaign finance laws. The Registry's regulatory function includes tracking of candidate and committee election finance activities, audit functions, investigations, review of and response to requests for advisory opinions, and adjudication of administrative charges of violations of campaign finance laws.

Under KRS Chapter 121, Kentucky's campaign finance laws apply to all candidates for office, including local and statewide candidates, gubernatorial slates, judicial, statewide, legislative, city and county, and school board candidates, as well as political issues committees, permanent committees, state and local party executive committees, and caucus campaign committees.

The Registry also receives, compiles, and maintains Financial Disclosure Reports of elected officials and candidates for specified offices as provided in KRS Chapter 61.

The Registry annually fills an average of 2,500 requests from the public and media for copies of the reports it maintains. The Registry maintains an information retrieval system to make information accessible to the public and publishes a summary of election financial transactions in the form of an annual report.

Pursuant to KRS 121.170(5), the Registry receives copies of reports filed with the Federal Election Commission by federally registered out-of-state permanent committees that contribute to Kentucky candidates. These and the reports of other candidates and committees who are required to file with the Federal Election Commission may be viewed via a computer terminal and Internet access at the Registry's office in Frankfort pursuant to 2 U.S.C. Section 439(c).

House Bill 939, passed by the 2000 General Assembly and now codified in KRS 121, required the Registry to develop an Internet-based electronic filing system for candidates' campaign finance reports, and accompanying web-based searchable database. The legislation further required that filer software be provided at no cost to candidates. The Registry has implemented the electronic filing and disclosure system, and it has been operational and successfully received since January 2002.

**General Government
Attorney General**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	13,736,000	20,780,800	21,688,500	13,990,500	13,733,100
Salary Compensation Fund	354,200				
Total General Fund	14,090,200	20,780,800	21,688,500	13,990,500	13,733,100
Restricted Funds					
Balance Forward	3,831,400	1,807,800	1,051,900	1,286,600	562,700
Current Receipts	7,519,800	8,257,300	8,411,800	8,193,400	8,296,400
Fund Transfers	-521,200				
Total Restricted Funds	10,830,000	10,065,100	9,463,700	9,480,000	8,859,100
Federal Funds					
Balance Forward	11,300				
Current Receipts	2,270,000	2,452,100	2,546,600	2,437,000	2,531,500
Total Federal Funds	2,281,300	2,452,100	2,546,600	2,437,000	2,531,500
TOTAL SOURCE OF FUNDS	27,201,500	33,298,000	33,698,800	25,907,500	25,123,700
EXPENDITURES BY CLASS					
Personnel Cost	17,303,000	23,137,400	24,379,300	16,855,200	16,576,300
Operating Expenses	3,181,800	3,298,200	3,172,700	2,687,000	2,669,000
Grants, Loans or Benefits	5,430,100	5,765,500	5,841,200	5,802,600	5,878,400
Capital Outlay		45,000			
TOTAL EXPENDITURES	25,914,900	32,246,100	33,393,200	25,344,800	25,123,700
EXPENDITURES BY FUND SOURCE					
General Fund	14,090,200	20,780,800	21,688,500	13,990,500	13,733,100
Restricted Funds	9,543,400	9,013,200	9,158,100	8,917,300	8,859,100
Federal Funds	2,281,300	2,452,100	2,546,600	2,437,000	2,531,500
TOTAL EXPENDITURES	25,914,900	32,246,100	33,393,200	25,344,800	25,123,700
EXPENDITURES BY UNIT					
Administrative Services	3,058,000	3,953,900	4,128,500	2,988,100	2,964,700
Criminal Services	8,451,700	10,544,500	10,976,900	8,266,000	8,078,500
Advocacy Services	4,936,800	6,817,200	7,064,900	4,701,400	4,609,000
Civil Services	3,256,100	4,168,300	4,315,800	2,713,600	2,702,400
Uninsured Employers Fund	6,212,300	6,762,200	6,907,100	6,675,700	6,769,100
TOTAL EXPENDITURES	25,914,900	32,246,100	33,393,200	25,344,800	25,123,700

The Attorney General, as the Commonwealth's constitutional chief law enforcement officer, performs a range of legal, investigative, and administrative duties. The Office has 12 organizational units to support the mission of the office.

The Administrative Services Division's duties include: personnel, payroll, fiscal, budget, state and federal grants, and employee training. The Prosecutors Advisory Council Services Division's duties include: personnel, payroll, fiscal, budget, state and federal grants, and legal education related to the Unified Prosecutorial System, along with the maintenance of child sexual abuse caseload and statistics, and the responsibility for the Victim and Witness Protection program.

The Office of Criminal Appeals, as mandated by KRS 15.020, represents the Commonwealth in all state and federal criminal appeals in which the Commonwealth has an interest. The Medicaid Fraud and Abuse Control Division investigates

and prosecutes cases of Medicaid Provider fraud pursuant to KRS 194.500-900 and KRS 205, and further complaints of abuse, neglect, and exploitation of residents in Medicaid facilities. The Kentucky Bureau of Investigations investigates specialized, primarily white-collar criminal activity, identity theft, and computer crimes. The Special Prosecutions Division, pursuant to KRS 15.190-715, prosecutes complex criminal cases when local prosecutors need assistance or disqualification from the case, prosecutes thefts from the Commonwealth by employees or elected officials, and prosecutes election and ethics law violations.

The Office of Consumer Protection enforces the provisions of the Consumer Protection Act that prohibit unfair, false, misleading, and deceptive acts or practices in trade or commerce and provides educational services to the elderly. The Office of Rate Intervention is responsible for representing the interests of consumers before federal, state, and local rate-making and regulatory bodies in the areas of utilities and health care insurance. The Victim's Advocacy Division administers the victim's advocate program and provides support services to victims of crime. The Child Support Enforcement Commission, pursuant to KRS 15.290, advises the Governor, Health and Family Services Cabinet, and the Administrative Office of the Courts on child support enforcement issues and provides special investigations into child support evasion.

The Office of Civil and Environmental Law represents the state's boards and agencies, issues formal opinions, represents state officials, elected prosecutors, and the judiciary in legal proceedings, and intervenes in constitutional challenges to state statutes. The Office serves as the legal representative of the Uninsured Employer's Fund in all proceedings to enforce Workers' Compensation claims involving the Fund. The Administrative Hearings Division provides hearing officer services and mediation to state agencies.

The Uninsured Employer's Fund, pursuant to KRS 342.760, is responsible for payment of Workers' Compensation to employees when the employer does not have Workers' Compensation insurance.

**General Government
Unified Prosecutorial System**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	53,355,000	68,097,500	71,311,100	57,218,100	58,185,500
Salary Compensation Fund	1,624,600				
Total General Fund	54,979,600	68,097,500	71,311,100	57,218,100	58,185,500
Restricted Funds					
Balance Forward	452,100	310,400	190,100	310,400	163,400
Current Receipts	110,000	110,000	110,000	110,000	110,000
Total Restricted Funds	562,100	420,400	300,100	420,400	273,400
Federal Funds					
Balance Forward	7,178				
Current Receipts	385,400			472,700	502,000
Non-Revenue Receipts	272,300	652,400	688,500	179,700	186,500
Total Federal Funds	664,878	652,400	688,500	652,400	688,500
TOTAL SOURCE OF FUNDS	56,206,578	69,170,300	72,299,700	58,290,900	59,147,400
EXPENDITURES BY CLASS					
Personnel Cost	50,394,500	63,192,100	66,573,900	53,529,300	54,498,100
Operating Expenses	5,466,700	5,758,100	5,613,100	4,591,200	4,642,300
Grants, Loans or Benefits	35,000	30,000	30,000	7,000	7,000
TOTAL EXPENDITURES	55,896,200	68,980,200	72,217,000	58,127,500	59,147,400
EXPENDITURES BY FUND SOURCE					
General Fund	54,979,600	68,097,500	71,311,100	57,218,100	58,185,500
Restricted Funds	251,700	230,300	217,400	257,000	273,400
Federal Funds	664,900	652,400	688,500	652,400	688,500
TOTAL EXPENDITURES	55,896,200	68,980,200	72,217,000	58,127,500	59,147,400
EXPENDITURES BY UNIT					
Commonwealth's Attorneys	30,118,500	37,833,700	39,529,000	31,382,200	31,908,000
County Attorneys	25,777,700	31,146,500	32,688,000	26,745,300	27,239,400
TOTAL EXPENDITURES	55,896,200	68,980,200	72,217,000	58,127,500	59,147,400

The Unified Prosecutorial System, pursuant to KRS 15.700, was established January 1, 1978 to encourage cooperation among law enforcement officers and provide for the general supervision of criminal justice by the Attorney General as chief law enforcement officer and chief prosecutor of the Commonwealth. Its role is to maintain uniform and efficient enforcement of the criminal laws and administration of criminal justice throughout the Commonwealth.

The Unified Prosecutorial System is administered by the Prosecutors Advisory Council, which the Attorney General chairs. The Unified Prosecutorial System, comprised of the 57 Commonwealth's Attorneys and 120 County Attorneys, prosecutes criminal cases in Kentucky's circuit and district courts.

**General Government
Unified Prosecutorial System
Commonwealth's Attorneys**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	28,850,900	37,441,700	39,136,100	30,968,500	31,471,600
Salary Compensation Fund	767,100				
Total General Fund	29,618,000	37,441,700	39,136,100	30,968,500	31,471,600
Restricted Funds					
Balance Forward	411,200	283,900	171,600	283,900	149,900
Current Receipts	100,000	100,000	100,000	100,000	100,000
Total Restricted Funds	511,200	383,900	271,600	383,900	249,900
Federal Funds					
Balance Forward	878				
Non-Revenue Receipts	272,300	179,700	186,500	179,700	186,500
Total Federal Funds	273,178	179,700	186,500	179,700	186,500
TOTAL SOURCE OF FUNDS	30,402,378	38,005,300	39,594,200	31,532,100	31,908,000
EXPENDITURES BY CLASS					
Personnel Cost	26,388,700	33,790,900	35,603,400	27,832,100	28,321,800
Operating Expenses	3,694,800	4,012,800	3,895,600	3,543,100	3,579,200
Grants, Loans or Benefits	35,000	30,000	30,000	7,000	7,000
TOTAL EXPENDITURES	30,118,500	37,833,700	39,529,000	31,382,200	31,908,000
EXPENDITURES BY FUND SOURCE					
General Fund	29,618,000	37,441,700	39,136,100	30,968,500	31,471,600
Restricted Funds	227,300	212,300	206,400	234,000	249,900
Federal Funds	273,200	179,700	186,500	179,700	186,500
TOTAL EXPENDITURES	30,118,500	37,833,700	39,529,000	31,382,200	31,908,000

The Commonwealth's Attorneys program is made up of 57 elected Commonwealth's Attorneys and their staff, one for each circuit. As of January 1, 2006, 50 circuits have full-time Commonwealth's Attorneys, with the remaining being part-time. Commonwealth's Attorneys are responsible for all felony prosecutions, including those prosecutions in which the penalty of death may be imposed upon the defendant. The prosecution of each felony requires a thorough investigation that involves extensive research and trial preparation by the prosecutor. Witness interviews, grand jury presentations, motions (including post-conviction motions), conferences, plea-bargaining, case studies, continuing legal education and participation on multi-disciplinary teams are a part of each prosecutor's responsibility in representing the Commonwealth and citizens of Kentucky as the state's attorney.

Pursuant to KRS 15.725, the Commonwealth's Attorneys attend each circuit court held in the judicial circuit. The Commonwealth's Attorneys, except as provided by KRS 15.715, have the duty to prosecute all violations of the criminal and penal laws which are tried in the circuit court. In addition, the Commonwealth's Attorneys have the primary responsibility within the judicial circuit to present evidence to the grand jury concerning such violations.

In accordance with KRS 15.735, the Commonwealth's Attorneys serve as special prosecutors in cases where the regularly elected prosecutors have been disqualified.

**General Government
Unified Prosecutorial System
County Attorneys**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	24,504,100	30,655,800	32,175,000	26,249,600	26,713,900
Salary Compensation Fund	857,500				
Total General Fund	25,361,600	30,655,800	32,175,000	26,249,600	26,713,900
Restricted Funds					
Balance Forward	40,900	26,500	18,500	26,500	13,500
Current Receipts	10,000	10,000	10,000	10,000	10,000
Total Restricted Funds	50,900	36,500	28,500	36,500	23,500
Federal Funds					
Balance Forward	6,300				
Current Receipts	385,400			472,700	502,000
Non-Revenue Receipts		472,700	502,000		
Total Federal Funds	391,700	472,700	502,000	472,700	502,000
TOTAL SOURCE OF FUNDS	25,804,200	31,165,000	32,705,500	26,758,800	27,239,400
EXPENDITURES BY CLASS					
Personnel Cost	24,005,800	29,401,200	30,970,500	25,697,200	26,176,300
Operating Expenses	1,771,900	1,745,300	1,717,500	1,048,100	1,063,100
TOTAL EXPENDITURES	25,777,700	31,146,500	32,688,000	26,745,300	27,239,400
EXPENDITURES BY FUND SOURCE					
General Fund	25,361,600	30,655,800	32,175,000	26,249,600	26,713,900
Restricted Funds	24,400	18,000	11,000	23,000	23,500
Federal Funds	391,700	472,700	502,000	472,700	502,000
TOTAL EXPENDITURES	25,777,700	31,146,500	32,688,000	26,745,300	27,239,400

Pursuant to KRS 15.725(2), each County Attorney attends the district court in the respective county and prosecutes all violations of criminal and penal laws within the jurisdiction of that district court. In accordance with KRS 15.735, County Attorneys also serve as special prosecutors in cases where the elected prosecutors have been disqualified.

Criminal cases at the district level include felonies (until the case is transferred to circuit court), misdemeanors, juvenile cases, and traffic cases. Additionally, many counties have Family Court, Drug Court, and/or Truancy Court requiring representation from the Office of the County Attorney. The County Attorney receives numerous criminal complaints from local law enforcement and the general public and frequently mediates local complaints so many of the services provided may never appear on a court docket. County Attorneys are also required to participate on multi-disciplinary teams.

General Government

Treasury

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	1,941,600	2,567,900	2,676,300	2,171,300	2,210,400
Salary Compensation Fund	66,700				
Total General Fund	2,008,300	2,567,900	2,676,300	2,171,300	2,210,400
Restricted Funds					
Balance Forward	92,900				
Non-Revenue Receipts	793,300	902,100	936,900	744,500	753,100
Fund Transfers	-92,900				
Total Restricted Funds	793,300	902,100	936,900	744,500	753,100
Road Fund					
Regular Appropriation	250,000	250,000	250,000	250,000	250,000
Total Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL SOURCE OF FUNDS	3,051,600	3,720,000	3,863,200	3,165,800	3,213,500
EXPENDITURES BY CLASS					
Personnel Cost	2,176,900	2,808,800	2,952,000	2,361,600	2,409,300
Operating Expenses	874,700	911,200	911,200	804,200	804,200
TOTAL EXPENDITURES	3,051,600	3,720,000	3,863,200	3,165,800	3,213,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,008,300	2,567,900	2,676,300	2,171,300	2,210,400
Restricted Funds	793,300	902,100	936,900	744,500	753,100
Road Fund	250,000	250,000	250,000	250,000	250,000
TOTAL EXPENDITURES	3,051,600	3,720,000	3,863,200	3,165,800	3,213,500
EXPENDITURES BY UNIT					
General Administration and Support	1,562,600	2,033,400	2,099,200	1,728,300	1,756,100
Disbursements and Accounting	695,700	784,500	827,100	693,000	704,300
Abandoned Property Administration	793,300	902,100	936,900	744,500	753,100
TOTAL EXPENDITURES	3,051,600	3,720,000	3,863,200	3,165,800	3,213,500

The Treasury Department is the central administrative agency responsible for the receipt and custody of all revenues collected by state government and for writing all checks and disbursing state funds, as outlined in KRS Chapter 41.

The State Treasurer, a constitutional officer as provided in Section 91 of the Kentucky Constitution, heads the Treasury Department. The Treasurer also serves on the Kentucky Lottery Board, the Kentucky Higher Education Assistance Board, as trustee of the Kentucky Teachers' Retirement System, and is Vice-Chair of the State Investment Commission. The Treasury Department reviews and records all investment transactions of the Commonwealth.

The General Administration and Support Division provides management support for Treasury including: fiscal control, personnel administration, and policy development and implementation. The Division issues over 10,000,000 checks and stubs each year, reconciles the various Commonwealth bank accounts, reconciles daily with the State Depository, administers and records court-ordered withholdings, and produces wire transfers for state government.

The Disbursements and Accounting Division receives all funds of the Commonwealth including fees, grants, taxes, federal funds, fees from officials in counties over 75,000 in population, and fees from various boards and commissions. This program also receives, balances, and deposits all withholdings and U. S. Savings Bond deductions from state agency payrolls.

A computer analysis is maintained on daily receipts and disbursements, which subsequently is submitted to the Finance and Administration Cabinet for accounting posting.

The Unclaimed Property Division is responsible for administering the provisions of KRS Chapter 393 related to escheats. This program receives unclaimed property reports from holders and potential holders of unclaimed property, collects unclaimed property, pursues the location and collection of the property, and attempts to locate the rightful property owner.

Policy

Restricted Fund resources are provided in accordance with KRS 393.250 for the administration of the Unclaimed Property program in the amount of \$744,500 in fiscal year 2007 and \$753,100 in fiscal year 2008. This action reflects the movement of available off-budget Restricted Funds to on-budget status to support ongoing activities of the Unclaimed Property program.

Road Fund money in the amount of \$250,000 each year of the biennium is included to support the central check writing system and other central administrative responsibilities of state government.

Increased personnel and operating costs included above reflect additional rent, janitorial, maintenance, and 24 hour, seven days per week security guard services associated with relocating from the Capitol Annex to non-state owned property.

The Governor's budget recommendation includes \$141,000 General Fund money each fiscal year for the lease purchase of two laser check printers.

Unclaimed Property receipts totaling \$14,063,400 in fiscal year 2007 and \$25,537,500 in fiscal year 2008 are included in the General Fund resources provided in the Governor's budget recommendation.

General Government

Agriculture

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	19,010,000	23,834,700	24,768,300	19,288,100	19,499,400
Continuing Appropriation	11,300				
Salary Compensation Fund	558,600				
Total General Fund	19,579,900	23,834,700	24,768,300	19,288,100	19,499,400
Restricted Funds					
Balance Forward	4,414,300	4,561,800	3,188,200	4,561,800	2,161,400
Current Receipts	2,751,300	4,114,100	4,166,400	2,859,300	2,775,600
Non-Revenue Receipts	1,984,900	283,500	157,800	157,000	157,000
Fund Transfers			50,000		50,000
Total Restricted Funds	9,150,500	8,959,400	7,562,400	7,578,100	5,144,000
Federal Funds					
Balance Forward	21,800				
Current Receipts	4,070,300	4,162,800	4,169,800	3,947,400	3,889,200
Total Federal Funds	4,092,100	4,162,800	4,169,800	3,947,400	3,889,200
TOTAL SOURCE OF FUNDS	32,822,500	36,956,900	36,500,500	30,813,600	28,532,600
EXPENDITURES BY CLASS					
Personnel Cost	16,572,800	21,078,800	22,233,700	17,962,900	18,317,800
Operating Expenses	4,460,700	5,304,900	5,113,600	4,305,300	4,131,700
Grants, Loans or Benefits	6,730,900	6,777,700	6,219,500	6,302,700	5,744,500
Capital Outlay	96,300	207,300	96,300	81,300	81,300
Construction	400,000	400,000	400,000		
TOTAL EXPENDITURES	28,260,700	33,768,700	34,063,100	28,652,200	28,275,300
EXPENDITURES BY FUND SOURCE					
General Fund	19,579,900	23,834,700	24,768,300	19,288,100	19,499,400
Restricted Funds	4,588,700	5,771,200	5,125,000	5,416,700	4,886,700
Federal Funds	4,092,100	4,162,800	4,169,800	3,947,400	3,889,200
TOTAL EXPENDITURES	28,260,700	33,768,700	34,063,100	28,652,200	28,275,300
EXPENDITURES BY UNIT					
Strategic Planning and Administration	3,738,200	4,313,000	4,483,500	3,765,800	3,802,600
Motor Fuel Inspection and Testing	200,000	218,700	228,100	204,300	207,900
Consumer and Environmental Programs	10,993,900	14,165,300	14,601,500	11,847,400	11,955,400
State Veterinarian	4,245,100	4,923,200	5,136,100	4,321,700	4,382,000
Animal Control	281,300	270,000	270,000	270,000	270,000
Universities	957,000	957,000	957,000	957,000	957,000
Rural Rehabilitation Fund	80,000				
Market Promotion and Protection	101,900	90,000	95,300	82,700	84,500
Mexico Office	100,000	100,000	100,000	100,000	100,000
Farmland Preservation	425,000	400,000	400,000		
Agriculture Marketing and Product Promotion	7,138,300	8,331,500	7,791,600	7,103,300	6,515,900
TOTAL EXPENDITURES	28,260,700	33,768,700	34,063,100	28,652,200	28,275,300

The Department of Agriculture, as defined in KRS Chapter 246, is headed by the Commissioner of Agriculture, a Constitutional Officer. The State Board of Agriculture, appointed by the Governor, acts as an advisory body to the elected Commissioner.

The Office of the Commissioner provides leadership and management for the Department, and includes the Division of Public Relations. The Office for Strategic Planning and Administration is responsible for personnel functions, budgeting, financial operation, and information technology systems.

The Office for Consumer and Environmental Protection directs programs which have a direct bearing on agricultural revenue. The Office conducts the hay grading program, certifies all sales made by solid weight or liquid volume, licenses egg wholesalers, and inspects amusement rides operating within the Commonwealth. Duties include the distribution of commodity foods to qualifying institutions and individuals on behalf of the United States Department of Agriculture. This Office is responsible for conducting various pest and noxious weed control programs, enforcing federal and state laws and regulations pertaining to the control of pesticide use and application, and liaison between the regulator and those being regulated.

The Office of State Veterinarian protects the livestock industry pursuant to KRS Chapter 257. The Office formulates and regulates disease policies and investigates disease outbreaks.

The Office for Agricultural Marketing and Product Promotion develops and manages programs which promote Kentucky-produced agricultural products, including grading and inspecting of specific products and commodities and reporting market news. Responsibilities of this Office include the research and development of new and expanded outlets for Kentucky's agricultural products, agricultural education, agritourism development, farm safety, administration of the Shows and Fairs Promotion Division, and farmland preservation.

Policy

The Governor's recommended budget includes \$478,500 in each year for the veterinary laboratories at the University of Kentucky and the Breathitt Veterinary Center at Murray State University for diagnostic laboratories, and \$25,000 in General Funds are provided each year for ultrasound testing of animals at the North American International Livestock Exposition.

The Budget of the Commonwealth authorizes the Department to operate and maintain a metrology laboratory that will be supported from fees established by administrative regulation.

Since forage quality analysis is crucial to livestock production in Kentucky, included in the capital budget recommendation is \$115,000 in fiscal year 2007 for replacement of a forage testing van. The mobile hay testing van allows the Department to meet the statutory requirements of the hay grading program which performs on-the-spot forage analysis for Kentucky farmers mandated by KRS 260.033.

Also included in the Governor's recommended capital budget is \$175,000 in fiscal year 2007 for the replacement of a large scale test truck. The Weights and Measures Branch of Agriculture's Division of Regulation and Inspection inspects scales to assure accuracy in weights and measures across the Commonwealth as authorized by KRS. 363.510-363.990 and KRS 261.000.

**General Government
Auditor of Public Accounts**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	5,530,800	9,113,700	10,576,600	5,829,900	5,828,300
Salary Compensation Fund	303,900				
Total General Fund	5,834,700	9,113,700	10,576,600	5,829,900	5,828,300
Restricted Funds					
Balance Forward	6,000				
Current Receipts	3,812,000	3,755,500	3,739,700	3,297,500	3,297,500
Total Restricted Funds	3,818,000	3,755,500	3,739,700	3,297,500	3,297,500
TOTAL SOURCE OF FUNDS	9,652,700	12,869,200	14,316,300	9,127,400	9,125,800
EXPENDITURES BY CLASS					
Personnel Cost	8,867,000	11,908,100	13,437,400	8,424,800	8,423,200
Operating Expenses	785,700	880,100	878,900	702,600	702,600
Capital Outlay		81,000			
TOTAL EXPENDITURES	9,652,700	12,869,200	14,316,300	9,127,400	9,125,800
EXPENDITURES BY FUND SOURCE					
General Fund	5,834,700	9,113,700	10,576,600	5,829,900	5,828,300
Restricted Funds	3,818,000	3,755,500	3,739,700	3,297,500	3,297,500
TOTAL EXPENDITURES	9,652,700	12,869,200	14,316,300	9,127,400	9,125,800
EXPENDITURES BY UNIT					
Administration	1,447,100	1,789,500	1,806,300	1,460,300	1,460,300
Examination and Information Technology	1,236,400	1,757,500	1,914,600	1,169,200	1,169,200
Financial Audit	6,269,500	8,411,500	9,564,200	5,869,700	5,868,100
Performance Audit	699,700	910,700	1,031,200	628,200	628,200
TOTAL EXPENDITURES	9,652,700	12,869,200	14,316,300	9,127,400	9,125,800

The Auditor of Public Accounts is the constitutional officer responsible for auditing all state agencies and county governments, pursuant to KRS Chapter 43. Statutory responsibility requires the Auditor's Office to examine the state general accounts, the accounts of all state agencies, all private and semi-private agencies receiving or handling state funds, and all state revenue collections. The Auditor must examine the management and control of all institutions and public works in which the state has financial interest or legal power.

The Auditor's Office is responsible for assisting state and local officials in establishing and maintaining proper accounting records, internal controls, and administrative controls over public funds. The Office responds to requests from public officials, the general public, the Legislative Research Commission, and the Governor's Office concerning financial and program matters, special audits, and investigations.

The Auditor of Public Accounts has four program areas: Administration, Division of Examination and Technology, Division of Financial Audit, and the Division of Performance Audit.

The Administration area includes the Office of the State Auditor, the Office of Legal and Records Services, and the Office of Planning and Management. All policy, budget, fiscal, legal, and personnel duties are performed within the Administration area. The development of audit procedures as well as internal and external training are the responsibility of the Administration area.

The Division of Examination and Information Technology is responsible for internal technology systems, data processing systems, special examinations of complaints, and security consultation and training.

The Division of Financial Audit is responsible for financial audits of state agency transactions, pursuant to KRS 43.050, and for county officials such as fiscal courts, sheriffs, county clerks, property valuation administrators, county attorneys, circuit clerks, and special districts per KRS 43.070. The Single Audit Act of 1984 as enacted by the United States Congress is also one of the responsibilities for the Auditor of Public Accounts.

The Division of Performance Audit conducts audits of public entities to increase the effectiveness and reduce the cost of the delivery of services.

**General Government
Personnel Board**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	583,500	871,500	904,200	651,500	657,500
Current Year Appropriation	38,600				
Salary Compensation Fund	8,500				
Total General Fund	630,600	871,500	904,200	651,500	657,500
Restricted Funds					
Balance Forward	3,500	5,000	6,500	5,000	6,500
Current Receipts	1,500	1,500	1,500	1,500	1,500
Total Restricted Funds	5,000	6,500	8,000	6,500	8,000
TOTAL SOURCE OF FUNDS	635,600	878,000	912,200	658,000	665,500
EXPENDITURES BY CLASS					
Personnel Cost	567,300	797,100	829,800	586,500	589,500
Operating Expenses	63,300	74,400	74,400	65,000	68,000
TOTAL EXPENDITURES	630,600	871,500	904,200	651,500	657,500
EXPENDITURES BY FUND SOURCE					
General Fund	630,600	871,500	904,200	651,500	657,500
TOTAL EXPENDITURES	630,600	871,500	904,200	651,500	657,500

Created by the 1982 General Assembly, the Personnel Board is composed of seven members. The Governor appoints five, and two are classified employees elected by their colleagues. The Board serves in a quasi-judicial capacity and assists the Personnel Cabinet in the development of administrative regulations pertaining to the classified service.

The Personnel Board administers the appeals process of applicants for classified positions and conducts hearings for any non-probationary employee who is dismissed, demoted, suspended, or otherwise penalized for cause.

Policy

House Bill 267 provided funding of \$40,000 in fiscal year 2006 to cover the costs of Personnel Board elections that are conducted every four years. The recommended budget provides an additional allocation of General Fund of \$38,600 in fiscal year 2006 for a total of \$78,600 above the fiscal year 2006 base budget.

General Fund of \$99,500 in fiscal year 2007 and \$105,500 in fiscal year is provided over the fiscal year 2006 base budget to defray costs related to increased caseloads.

**General Government
Kentucky Retirement Systems**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	11,951,700	19,958,100	25,293,100		
Total General Fund	11,951,700	19,958,100	25,293,100		
Restricted Funds					
Balance Forward	1,410,200				
Non-Revenue Receipts	19,789,800	23,901,900	25,206,100	22,107,300	23,268,300
Total Restricted Funds	21,200,000	23,901,900	25,206,100	22,107,300	23,268,300
TOTAL SOURCE OF FUNDS	33,151,700	43,860,000	50,499,200	22,107,300	23,268,300
EXPENDITURES BY CLASS					
Personnel Cost	29,508,800	40,077,000	46,695,200	18,597,100	19,737,100
Operating Expenses	3,359,000	3,235,200	3,256,200	3,235,200	3,256,200
Capital Outlay	283,900	547,800	547,800	275,000	275,000
TOTAL EXPENDITURES	33,151,700	43,860,000	50,499,200	22,107,300	23,268,300
EXPENDITURES BY FUND SOURCE					
General Fund	11,951,700	19,958,100	25,293,100		
Restricted Funds	21,200,000	23,901,900	25,206,100	22,107,300	23,268,300
TOTAL EXPENDITURES	33,151,700	43,860,000	50,499,200	22,107,300	23,268,300

Kentucky Retirement Systems administers three retirement systems which are qualified governmental defined benefit plans under Section 401(a) of the Internal Revenue Code: Kentucky Employees Retirement System (state employees, universities, health departments, certain boards) governed by KRS 61.510-61.705; County Employees Retirement System (employees of cities, counties, local government entities, and classified employees of school boards) governed by KRS 78.510-78.852; and State Police Retirement System (uniformed officers of Kentucky State Police) governed by KRS 16.505-16.652. Medical insurance benefits are governed by KRS 61.701-61.702. The systems were established in the 1950's to provide a pension that, when coupled with Social Security, would provide the career employee with sufficient income to maintain his or her pre-retirement standard of living.

Kentucky Retirement Systems is administered by a nine-member board of trustees consisting of the Secretary of the Personnel Cabinet, three members appointed by the Governor, and five members elected by employees and retirees of the three retirement systems. The Board is responsible for the collection and investment of contributions. Members of the Board are considered fiduciaries and are required to administer the funds in the sole interest of the members and beneficiaries of the systems. The Board is required to invest the funds under the "prudent person" rule. Investments are diversified among common stocks, government and private bonds, real estate and cash equivalents. An annual audit is performed.

Employers contribute a percentage of gross payroll recommended by the actuarial valuation. However, the General Assembly may adopt a rate that varies from the actuarial valuation. Employees contribute at a fixed rate set in the statutes. The assets of the system are considered trust funds. All expenses are paid from the trust.

Policy

Restricted Funds providing for the operations of the Kentucky Retirement Systems in the Executive Budget are transferred from trust funds held by the System for the benefit of members and beneficiaries. The trust funds include investment

earnings, employee contributions, and employer contributions from agencies supported by the General Fund, the Road Fund, Federal Funds, and Restricted Funds.

The Executive Budget provides a current year Restricted Fund appropriation totaling \$1,235,000 to support the on-going operations of the agency.

The agency has requested a direct General Fund subsidy in the next biennium to support the dependent subsidy of the Commonwealth's self-insured health insurance program. The budget recommendation incorporates the increase in the recommended employer contribution rates for the next two years.

General Government
Occupational & Professional Boards & Commissions

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
Restricted Funds					
Balance Forward	20,142,300	16,717,000	14,013,100	15,735,200	13,934,600
Current Receipts	14,245,300	17,332,800	17,248,000	17,141,800	17,079,900
Fund Transfers	-562,000				
Total Restricted Funds	33,825,600	34,049,800	31,261,100	32,877,000	31,014,500
TOTAL SOURCE OF FUNDS	33,825,600	34,049,800	31,261,100	32,877,000	31,014,500
EXPENDITURES BY CLASS					
Personnel Cost	12,621,200	14,377,400	14,862,900	13,262,600	13,486,300
Operating Expenses	4,697,300	4,812,400	4,785,100	4,957,600	4,901,500
Grants, Loans or Benefits	712,000	662,200	662,200	612,200	612,200
Capital Outlay	59,900	165,000	85,000	110,000	70,000
TOTAL EXPENDITURES	18,090,400	20,017,000	20,395,200	18,942,400	19,070,000
EXPENDITURES BY FUND SOURCE					
Restricted Funds	18,090,400	20,042,600	20,436,100	18,942,400	19,070,000
TOTAL EXPENDITURES	18,090,400	20,042,600	20,436,100	18,942,400	19,070,000
EXPENDITURES BY UNIT					
Accountancy	604,000	631,500	645,800	617,600	619,200
Certification of Alcohol and Drug Counselors	67,200	67,200	67,200	67,200	67,200
Architects	294,600	317,700	328,100	356,600	362,800
Certification for Professional Art Therapists	11,400	11,400	11,400	11,400	11,400
Auctioneers	397,300	426,600	441,600	405,500	412,700
Barbering	236,600	250,000	250,000	247,400	249,400
Chiropractic Examiners	200,500	219,600	226,200	203,900	211,100
Dentistry	618,200	693,400	693,400	639,800	641,800
Licensure & Cert. for Dietitians & Nutritionists	77,500	77,500	77,500	77,500	77,500
Embalmers and Funeral Directors	249,100	271,500	271,500	259,400	262,800
Licensure for Prof. Engineers and Land Surveyors	1,379,400	1,529,900	1,582,000	1,398,400	1,411,400
Certification of Fee-Based Pastoral Counselors	3,500	3,500	3,500	3,500	3,500
Registration for Professional Geologists	135,000	135,000	135,000	135,000	135,000
Hairdressers and Cosmetologists	998,500	1,124,000	1,163,100	1,043,000	1,074,100
Specialists in Hearing Instruments	55,200	55,200	55,200	55,200	55,200
Interpreters for the Deaf and Hard of Hearing	31,000	31,000	31,000	31,000	31,000
Examiners & Registration of Landscape Architects	44,300	53,800	54,000	53,000	53,200
Licensure of Marriage and Family Therapists	83,200	83,200	83,200	83,200	83,200
Medical Licensure	2,119,900	2,409,100	2,452,300	2,408,200	2,427,400
Licensure for Massage Therapy	62,800	72,800	72,800	62,800	62,800
Nursing	4,874,200	5,132,300	5,275,300	4,656,900	4,760,600
Licensure for Nursing Home Administrators	76,200	76,200	76,200	76,200	76,200
Licensure for Occupational Therapy	86,000	86,000	86,000	86,000	86,000
Ophthalmic Dispensers	62,900	62,900	62,900	62,900	62,900
Optometric Examiners	156,900	159,600	164,200	167,200	166,400
Pharmacy	930,700	1,009,200	1,053,200	1,037,200	1,045,000

Physical Therapy	264,700	284,900	291,900	264,700	264,700
Podiatry	21,700	23,000	23,800	21,700	21,700
Private Investigators	64,200	64,200	64,200	64,200	64,200
Licensed Professional Counselors	56,200	56,200	56,200	56,200	56,200
Proprietary Education	164,300	184,300	184,300	164,300	164,300
Examiners of Psychology	176,100	176,100	176,100	176,100	176,100
Real Estate Appraisers	589,000	623,700	634,200	602,700	604,200
Real Estate Commission	2,299,400	3,022,300	3,025,000	2,744,300	2,666,600
Respiratory Care	123,600	132,700	132,700	127,100	127,100
Social Work	145,300	145,300	145,300	145,300	145,300
Speech-Language Pathology and Audiology	92,000	102,000	102,000	92,000	92,000
Veterinary Examiners	237,800	237,800	237,800	237,800	237,800
TOTAL EXPENDITURES	18,090,400	20,042,600	20,436,100	18,942,400	19,070,000

The 39 occupational and professional licensing and regulatory Boards and Commissions were created to safeguard the life, health, safety, and welfare of the people of the Commonwealth who avail themselves of the services licensed or regulated by the Boards. Appointed by the Governor, board members represent both industry and consumer interests.

The general objectives of the Boards and Commissions are: to examine and license all qualified applicants; to enforce the ethical, legal, and professional standards and regulations of the Boards; to ensure compliance with licensure requirements; and to administer the programs of the Boards in an efficient manner. The Boards operate solely from agency receipts.

**General Government
Board of Emergency Medical Services**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	2,391,600	2,573,600	2,641,700	2,393,700	2,373,800
Salary Compensation Fund	29,200	29,200	29,200		
Base Deduction	-36,000				
Total General Fund	2,384,800	2,602,800	2,670,900	2,393,700	2,373,800
Restricted Funds					
Balance Forward	458,700	33,500	33,500	131,000	76,200
Current Receipts	346,500	346,500	346,500	346,500	346,500
Fund Transfers	-382,500				
Total Restricted Funds	422,700	380,000	380,000	477,500	422,700
Federal Funds					
Current Receipts	932,800	155,000	155,000	155,000	155,000
Total Federal Funds	932,800	155,000	155,000	155,000	155,000
TOTAL SOURCE OF FUNDS	3,740,300	3,137,800	3,205,900	3,026,200	2,951,500
EXPENDITURES BY CLASS					
Personnel Cost	1,116,700	1,270,100	1,338,200	1,151,000	1,152,500
Operating Expenses	1,132,600	385,400	385,400	374,000	374,000
Grants, Loans or Benefits	1,335,000	1,448,800	1,448,800	1,425,000	1,425,000
Capital Outlay	25,000				
TOTAL EXPENDITURES	3,609,300	3,104,300	3,172,400	2,950,000	2,951,500
EXPENDITURES BY FUND SOURCE					
General Fund	2,384,800	2,602,800	2,670,900	2,393,700	2,373,800
Restricted Funds	291,700	346,500	346,500	401,300	422,700
Federal Funds	932,800	155,000	155,000	155,000	155,000
TOTAL EXPENDITURES	3,609,300	3,104,300	3,172,400	2,950,000	2,951,500

The Kentucky Board of Emergency Medical Services (KBEMS), pursuant to KRS 311A.015, administers and regulates the functions of the state's emergency medical services (EMS) system with respect to all first responders, emergency medical technicians, paramedics, ambulance services, and training institutions for emergency personnel.

The Board licenses Paramedics, Emergency Medical Technicians, First Responders, and ambulance services. Field staff inspect all EMS providers and fire/rescue services throughout the state to ensure compliance with state regulatory statutes. The Board provides administrative and technical support for the Emergency Medical Service community by administering grant monies and providing consultative services.

Policy

The Governor's recommended budget provides Restricted Fund resources of \$90,000 in each fiscal year for grants to local Emergency Medical Service providers to purchase technology for data collection and transmittal to the Board's central database in accordance with KRS 311A.190.

The Governor's recommended budget provides Restricted Fund resources of \$80,000 in each fiscal year of the biennium for a cooperative agreement with the Department of Homeland Security, the Office of Bioterrorism, and the University of Louisville to contract with and hire a full-time state medical director. The goals of this effort are to develop and implement statewide

practices and pre-position emergency response resources in preparation for disasters both natural and man-made; to develop specialized emergency medical services disaster response training in conjunction with the Office of Homeland Security; and to assist in the development of a statewide data collection system.

**General Government
Kentucky River Authority**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	369,500	413,200	427,000	368,200	348,800
Salary Compensation Fund	17,500				
Base Deduction	-60,000				
Total General Fund	327,000	413,200	427,000	368,200	348,800
Restricted Funds					
Balance Forward	4,441,100	4,448,800	339,600	4,448,800	382,900
Current Receipts	1,415,900	2,812,700	2,815,200	1,370,700	1,373,200
Total Restricted Funds	5,857,000	7,261,500	3,154,800	5,819,500	1,756,100
TOTAL SOURCE OF FUNDS	6,184,000	7,674,700	3,581,800	6,187,700	2,104,900
EXPENDITURES BY CLASS					
Personnel Cost	702,200	837,300	876,900	657,500	668,500
Operating Expenses	174,800	193,700	193,500	145,200	146,000
Grants, Loans or Benefits	340,000	350,000	350,000	350,000	350,000
Debt Service		1,297,000	1,297,000		
Capital Outlay	18,200	37,100	37,100	32,100	7,100
Construction	500,000	4,620,000	500,000	4,620,000	500,000
TOTAL EXPENDITURES	1,735,200	7,335,100	3,254,500	5,804,800	1,671,600
EXPENDITURES BY FUND SOURCE					
General Fund	327,000	413,200	427,000	368,200	348,800
Restricted Funds	1,408,200	6,921,900	2,827,500	5,436,600	1,322,800
TOTAL EXPENDITURES	1,735,200	7,335,100	3,254,500	5,804,800	1,671,600
EXPENDITURES BY UNIT					
Kentucky River Authority	1,390,000	6,914,800	2,820,400	5,429,500	1,315,700
Locks and Dams Program	345,200	420,300	434,100	375,300	355,900
TOTAL EXPENDITURES	1,735,200	7,335,100	3,254,500	5,804,800	1,671,600

The mission of the Kentucky River Authority is to protect the quality and sufficiency of the water supply in the Kentucky River Basin. The people and businesses in 42 counties depend on the River and its tributaries for clean drinking water, for commercial and industrial uses, and for the generation of electricity. The water supply is maintained in a series of pools behind 14 dams that were originally constructed by the Army Corps of Engineers beginning about 1880. Some of those dams also contain working locks that allow commercial and recreational boat traffic to move up and down the River. The Authority collects a water withdrawal fee from each water utility and business user in the watershed that supports its maintenance and monitoring activities. In addition, a second fee is collected from users who withdraw water from the main stem of the River. Those funds support the lock and dam renovation and reconstruction projects the Authority undertakes from time to time. The Authority also receives a small General Fund appropriation to staff the four operating locks during the summer, when there is considerable recreational activity on the River.

The Authority is created in KRS 151.705 as a public corporation and independent state agency. While administratively attached to the Finance and Administration Cabinet, the Authority is governed by a board that consists of the Secretary of Finance and Administration, the Secretary of Environmental and Public Protection and ten members appointed by the Governor. Those ten include a mayor and a county judge-executive from jurisdictions within the Kentucky River Basin, an engineer and a water quality expert. The board appoints an executive director and other staff necessary to carry out the responsibilities of the Authority.

The Authority is in the process of acquiring title to all of the locks and dams from the Army Corps of Engineers. The Authority currently owns the locks, dams, and some surrounding property at Dam 6 in Woodford County and Dam 10 in Madison County. Deeds for the transfer of the property at the other dams have been drafted and are expected to be executed before the end of the fiscal year.

Policy

Restricted Funds in the amount of \$4,620,000 in fiscal year 2007 and \$500,000 in fiscal year 2008 are transferred to capital projects described in Part II, Capital.

**General Government
School Facilities Construction Commission**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	111,142,400	109,304,100	121,447,200	107,589,000	112,973,500
Salary Compensation Fund	10,600				
Total General Fund	111,153,000	109,304,100	121,447,200	107,589,000	112,973,500
TOTAL SOURCE OF FUNDS	111,153,000	109,304,100	121,447,200	107,589,000	112,973,500
EXPENDITURES BY CLASS					
Personnel Cost	235,400	259,400	274,700	235,700	242,500
Operating Expenses	27,500	27,900	28,000	24,000	24,000
Debt Service	91,274,100	109,016,800	121,144,500	107,329,300	112,707,000
TOTAL EXPENDITURES	91,537,000	109,304,100	121,447,200	107,589,000	112,973,500
EXPENDITURES BY FUND SOURCE					
General Fund	91,537,000	109,304,100	121,447,200	107,589,000	112,973,500
TOTAL EXPENDITURES	91,537,000	109,304,100	121,447,200	107,589,000	112,973,500
EXPENDITURES BY UNIT					
School Facilities Construction Commission	91,483,300	109,245,400	121,384,800	107,535,400	112,917,700
Education Technology	53,700	58,700	62,400	53,600	55,800
TOTAL EXPENDITURES	91,537,000	109,304,100	121,447,200	107,589,000	112,973,500

The School Facilities Construction Commission, created by the 1985 Extraordinary Session of the General Assembly (KRS 157.611 et seq.), exists to assist local school districts with their school building needs. The School Facilities Construction Commission is responsible for the distribution of available state funds to eligible local school districts which have demonstrated a reasonable local effort to provide adequate school facilities but still have unmet building needs. The Commission is empowered to act on behalf of local school districts to issue bonds in the name of the Commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities.

Administration of offers of assistance to local school districts made under the auspices of the Kentucky Education Technology System (KETS) is performed by staff attached to the School Facilities Construction Commission.

Since the inception of the School Facilities Construction Commission, nearly \$3 billion in bonds have been sold for school construction.

Policy

The Governor's budget recommendation includes additional debt service necessary to fulfill commitments made by previous sessions of the General Assembly in authorizing additional bonded indebtedness and related offers of assistance to local school districts.

The Executive Budget includes \$1,688,000 in fiscal year 2006-2007 and \$8,438,000 in fiscal year 2007-2008 for debt service for an additional \$100,000,000 in bonds.

The Governor's recommended budget fulfills the commitment made by the 2005 Regular Session of the General Assembly for \$91,536,000 in bonded indebtedness to support construction and renovation projects on behalf of "Category 5" (poorest condition) school buildings.

The Governor's recommended budget also authorizes \$100,000,000 in new offers of assistance during the 2006-2008 biennium in anticipation of debt service availability during the 2008-2010 biennium. No bonded indebtedness based on the new offers is to be incurred during the 2006-2008 biennium.

**General Government
Teachers' Retirement System**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	130,799,600	341,831,600	419,276,600	157,326,100	163,323,100
Total General Fund	130,799,600	341,831,600	419,276,600	157,326,100	163,323,100
Restricted Funds					
Balance Forward	1,751,527				
Non-Revenue Receipts	6,861,973	9,011,400	9,487,500	9,409,300	10,361,500
Total Restricted Funds	8,613,500	9,011,400	9,487,500	9,409,300	10,361,500
TOTAL SOURCE OF FUNDS	139,413,100	350,843,000	428,764,100	166,735,400	173,684,600
EXPENDITURES BY CLASS					
Personnel Cost	7,188,100	7,529,400	7,900,800	7,983,900	8,936,100
Operating Expenses	1,296,700	1,349,300	1,450,700	1,296,700	1,296,700
Grants, Loans or Benefits	130,799,600	341,831,600	419,276,600	157,326,100	163,323,100
Capital Outlay	128,700	132,700	136,000	128,700	128,700
TOTAL EXPENDITURES	139,413,100	350,843,000	428,764,100	166,735,400	173,684,600
EXPENDITURES BY FUND SOURCE					
General Fund	130,799,600	341,831,600	419,276,600	157,326,100	163,323,100
Restricted Funds	8,613,500	9,011,400	9,487,500	9,409,300	10,361,500
TOTAL EXPENDITURES	139,413,100	350,843,000	428,764,100	166,735,400	173,684,600

The Teachers' Retirement System, as defined in KRS 161.220-161.716, was established in 1940 to provide a broad program of retirement benefits, death and survivor benefits, medical insurance benefits, and disability benefits to its membership.

Administration of the System is the responsibility of the nine-member Board of Trustees. Two of the members are ex-officio, serving by reason of their constitutional offices. They are the Commissioner of Education and the State Treasurer. The members of the Retirement System elect the remaining seven trustees for four-year terms. Four of these must be active members of the Retirement System, one must be a retired member, and two must be persons from outside the teaching profession. The Board of Trustees appoints an Executive Secretary who is responsible for the administration of the affairs of the Retirement System under policies established by the Board. The most important objectives of the Board of Trustees are to maintain a retirement system that is actuarially sound and to maintain member benefits at a level that is comparable with the benefits provided other state employees through the Kentucky Employees' Retirement System and the Social Security System.

Membership is comprised of all persons occupying positions in the public elementary or secondary schools for which certification is required. In addition, staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, Murray State University, Kentucky State University, professional staff of the Department of Education, Cabinet for Workforce Development, faculty members of the School for the Deaf, the School for the Blind, as well as faculty of the state and area vocational schools are members. Membership is mandatory for all persons teaching in the public schools or other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The General Assembly has set the member and state contribution rate at 9.855 percent of gross salary. University faculty members contribute 8.375 percent of gross salary and the state matches this amount. In addition, each employer contributes an overmatch of 3.25 percent of gross salary to help reduce the system's unfunded liability. The reserves of the agency are invested in a manner that will provide a reasonable rate of return with major emphasis on the protection of the reserves.

The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted

within the Department, the Cabinet, and the affected universities and is then transferred to the Teachers' Retirement System.

Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program (SEEK) within the Department of Education.

Policy

The Executive Budget includes sufficient General Fund support to meet the amortized cost of previously enacted cost-of-living adjustments (COLAs) and other benefit improvements for system members.

The enacted budget includes \$4,293,800 in fiscal year 2007 and \$9,211,000 in fiscal year 2008 in General Fund support for initial payments on the amortized cost of increased retirement allowances for those recipients retiring during the 2006-2008 biennium who are eligible to add accrued sick leave to their final year of service.

The Governor's budget recommendation includes \$4,312,800 in fiscal year 2007 and \$7,865,100 in fiscal year 2008 to provide a targeted ad hoc COLA effective July 1, 2006, to those retirees who, due to the passage of time, have seen their benefits most negatively affected by increases in the Consumer Price Index. The targeted COLA will be in addition to the automatic annual 1.5 percent COLA provided all retirees by the retirement system.

The Executive Budget includes \$13,325,100 in fiscal year 2007 and \$13,325,100 in fiscal year 2008 in continuing payments for the amortized cost of medical insurance outlays during the 2004-2006 biennium.

The Governor's budget recommendation also includes \$8,793,000 in fiscal year 2007 to pay in cash \$8,793,000 of the fiscal year 2007 health insurance benefit costs rather than amortizing all of the fiscal year 2007 costs. In fiscal year 2008 \$14,133,200 is provided for the cost of the State Medical Insurance Stabilization Contribution based on projected need during the 2006-2008 biennium. It represents the amortization of the fiscal year 2007 health insurance benefit costs that were not already financed in fiscal year 2007 and assumes that the fiscal year 2008 health insurance benefit costs will also be amortized.

Also included in the Governor's budget recommendation is \$10,091,100 in fiscal year 2007 and \$9,116,400 in fiscal year 2008 for the cost of the medical insurance subsidy as established in HB 1 enacted by the October 2004 Extraordinary Session of the General Assembly. Finally, the Governor's budget recommendation includes \$50,000 in both fiscal year 2007 and fiscal year 2008 for a subsidy for retired members over age 65 who insure their spouses under age 65 through the state health insurance plan. These amounts were also established in HB 1 enacted during the October 2004 Extraordinary Session.

**General Government
Judgements**

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation		10,000,000	10,000,000		
Current Year Appropriation	3,000,000				
Continuing Appropriation	211,300				
Mandated Allotments	200,000				
Total General Fund	3,411,300	10,000,000	10,000,000		
TOTAL SOURCE OF FUNDS	3,411,300	10,000,000	10,000,000		
EXPENDITURES BY CLASS					
Operating Expenses	3,411,300	10,000,000	10,000,000		
TOTAL EXPENDITURES	3,411,300	10,000,000	10,000,000		
EXPENDITURES BY FUND SOURCE					
General Fund	3,411,300	10,000,000	10,000,000		
TOTAL EXPENDITURES	3,411,300	10,000,000	10,000,000		

The fiscal year 2005-2006 appropriation includes contingent liabilities and judgments identified by the Office of the Controller in the Finance and Administration Cabinet. The timing of payments of judgments is dependent on many factors beyond the control of the Commonwealth. Therefore, it is essential that any funds remaining at the end of fiscal year 2006 and fiscal year 2007 shall not lapse but be allowed to continue into subsequent fiscal years. Should any other Appropriations Not Otherwise Classified account have an insufficient appropriation in fiscal biennium 2006-2008, any unneeded funds in this account may be used before any allocations are made from either the General Fund Surplus or the Budget Reserve Trust Fund. Any additional judgments or contingent liabilities for fiscal biennium 2006-2008, beyond the amount recommended, will be paid from the General Fund Surplus Account (unappropriated surplus) or the Budget Reserve Trust Fund, if necessary.

General Government
Appropriations Not Otherwise Classified

	Revised FY 2006	Requested FY 2007	Requested FY 2008	Recommended FY 2007	Recommended FY 2008
SOURCE OF FUNDS					
General Fund					
Regular Appropriation	9,817,500	11,417,500	11,417,500	11,417,500	11,417,500
Mandated Allotments	1,725,000				
Total General Fund	11,542,500	11,417,500	11,417,500	11,417,500	11,417,500
TOTAL SOURCE OF FUNDS	11,542,500	11,417,500	11,417,500	11,417,500	11,417,500
EXPENDITURES BY CLASS					
Personnel Cost	7,785,000	7,785,000	7,785,000	7,785,000	7,785,000
Operating Expenses	3,755,000	3,630,000	3,630,000	3,630,000	3,630,000
Grants, Loans or Benefits	2,500	2,500	2,500	2,500	2,500
TOTAL EXPENDITURES	11,542,500	11,417,500	11,417,500	11,417,500	11,417,500
EXPENDITURES BY FUND SOURCE					
General Fund	11,542,500	11,417,500	11,417,500	11,417,500	11,417,500
TOTAL EXPENDITURES	11,542,500	11,417,500	11,417,500	11,417,500	11,417,500
EXPENDITURES BY UNIT					
Attorney General Expense	225,000	225,000	225,000	225,000	225,000
Board of Claims Award	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Guardian Ad Litem	7,500,000	7,500,000	7,500,000	7,500,000	7,500,000
Prior Year Claims	400,000	400,000	400,000	400,000	400,000
Unredeemed Checks Refunded	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Involuntary Commitments-ICF/MR	60,000	60,000	60,000	60,000	60,000
Frankfort In Lieu of Taxes	195,000	195,000	195,000	195,000	195,000
Frankfort Cemetery	2,500	2,500	2,500	2,500	2,500
Police Ofcrs. & Firefighters Life Insurance	375,000	250,000	250,000	250,000	250,000
Med Malpractice Liability Ins Reimb	185,000	185,000	185,000	185,000	185,000
Blanket Employee Bonds	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	11,542,500	11,417,500	11,417,500	11,417,500	11,417,500

Appropriations Not Otherwise Classified (ANOC) are appropriations not related to particular programs. Each item within this category has been given program status so that expenditures can be budgeted and accounted for separately. It includes such items as Attorney General expenses for defending employees of the Commonwealth and prior year claims for legal obligations of the Commonwealth. Any expenditure for costs of items included within this classification over the amounts appropriated is to be paid from the General Fund Surplus account or the Budget Reserve Trust Fund as a Necessary Government Expense.